THE SURVEY

Graphic Number

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The Gist of It

OUT of the stockings savings of yesterday came some of the greatest insurance and financial institutions of our time. Out of the small man's borrowings, today, comes the amazing spread of the newer forms of small-loan agencies. Some of the more ardent pioneers in this field speak of it, in high phrase, as the democratization of credit. On our cover we have dropped into homelier idiom: When the Small Man Borrows; which may mean that his troubles begin —if he falls into the hands of a loan shark, or may mean that he gets hold of one of these modern bootstraps to help pull himself out of difficulties due to sickness or other misfortune. Or again, that he taps these expanding reservoirs of lending to take over some of the more costly luxuries and utilities. In a period where mass production and its tremendous ups and downs have exaggerated unemployment, this development of mass credit takes on new significance.

It remained, however, for Evans Clark, director of the Twentieth Century Fund, to attempt the first synthesis of this whole field, and his book, Financing the Consumer, will be brought out by Harper's this fall. Here is the heart of his findings (p. 119), and with them his proposal that all such operations be given the status of a semi-public utility. Formerly a member of the Princeton faculty, a director of the Labor Bureau, and one of the editors of The New York Times, he has brought economic training and journalistic awareness to his assay of this swift emergence of mass credit.

LEON HENDERSON, director of the Department of Remedial Loans of the Russell Sage Foundation, was deputy secretary of the Commonwealth of Pennsylvania in Governor Pinchot's earlier term, charged with the personnel work of the state administration, and handling the employes retirement fund. For five years, he has been the spearhead of the Sage Foundation's work in combatting usury, in furthering legislation to control small loans, and in encouraging the spread of legitimate agencies. "To me," he writes, "the fact that our advice is sought by radicals and millionaires, corporations, government bureaus, politicians, poor folks, white collars, and even loan sharks is most appealing. We licked a chain loan-shark operator—125 offices, I guess—and his wife came around and thanked me." Page 125.

TURN to Who's Who and you will find two thirds of a column of fine type listing the activities of Edward A. Filene, Boston merchant, who has been the instigator of some of our most original and far-flung projects in civic, business, and international fields. He founded the Twentieth Century Fund, was co-organizer of the U. S. Chamber of Commerce and of the International Management Institute. But of all his activities, none has more thoroughly engaged both his imagination and his resourcefulness than the promotion of the credit-union movement in the United States. Page 132.

MR. BERGENGREN calls himself the Man Friday of that movement, and by implication, Mr. Filene its Robinson Crusoe. A lawyer by training, a veteran of the World War, Mr. Bergengren has thrown himself for ten years into that circuit riding which he describes so felicitously in his article. He has a way with big business men and round-house fellows in overalls, with crossroad storekeepers, parish priests, and members of the assembly. Page 137.

IT is not of banks, unions, or other newfangled human institutions that Rolf Nugent writes, on page 144, but of something older than them all—of the family, now in these American days and in new and parlous ways, a going business concern. He brings the subject down to the household vicissitudes with which social workers are confronted. On the staff of the Remedial Loan Department of the Russell Sage Foundation, in four years he came off on top in three rounds at Albany, for he has a knack with state legislation.

THAT there is a deal of truth in the oft expressed medical opinion that "reduction is dangerous" is the decision of Mary Edna McChristie, who is led to this conclusion by her observation of Allie and Hal in the Cincinnati Court of Domestic Relations. Page 152.

FRANK TANNENBAUM takes us from Auburn to Sing Sing with Thomas Mott Osborne in this instalment of his series. The first month at Sing Sing, with its packed drama! In the December Graphic we will get the story of the year that followed. Page 156.

HEAR ye! Hear ye! City clubs and playground associations and the like of that. Why not bring Samoa under the aegis of the National Park Service and keep unspoiled one little vista of the primitive life that still holds in the Pacific? Paul S. Taylor of the University of California is our most thorough student of Mexican immigration. Page 159.

INTRODUCING Professor Leon Whipple and his trained troupe of reviewers. Page 163.

THE first paragraph of Evans Clark prompted our frontispiece. Arthur S. Draper and Arthur H. Folwell of The New York Herald Tribune searched it out among the hundreds of originals which Clare Briggs drew for the Tribune during the years when his Mr. and Mrs., his Days of Real Sport, and his When a Feller Needs a Friend were at their height.

THROUGH one of those quirks which bedevil the printing trades, The Dependent Child, by our old friend Henry W. Thurston, was announced as The Independent Child in the advertisement of the Columbia University Press in the October Graphic. Sorry!

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WHEN A FELLER NEEDS A FRIEND

A Cartoon of 1923 reprinted through the courtesy of The New York Herald Tribune

If Briggs were alive today and this lad married and seven years older, the artist, with his wonderful awareness of the vicissitudes of everyday people, might have drawn his thinker with a $200 debt hanging over him for doctors' bills and his eyes glued to the ads of loan sharks eager to buy into his coming pay checks and charge him 20 per cent a month.

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Mass Credit

By EVANS CLARK

BRIGGS' famous series of cartoons entitled Life's Darkest Moments: When a Feller Needs a Friend, might well be supplemented, in less humorous vein, by a series called When a Feller Needs a Loan. Such a set would dramatize and humanize the popular need which has created and maintains the least understood big business in America—the business of mass credit. It would show one family crisis after another: the husband coming home one evening with a notice of a lay-off in his pay envelope, the wife or one of the children taken seriously ill, an accident which keeps the husband out of work, and so on through a score of situations which are so common as to be merely "typical" to the professional social workers but which, to the families concerned, are desperately real and individual.

For three quarters of the population of the United States the margin between income and necessary outgo is so close as to allow little or no leeway for emergencies—or even for making improvements in the family economic structure, which will eventually increase its earning power. To the enlargement of this margin is dedicated the seven-billion-dollar-a-year business of mass credit. No one knows the exact figures but it is possible that out of every hundred families in the United States at least eighty may have made use of some such agency before the year is out. Fifty out of the hundred may have borrowed cash from a "small-loan" concern. The other thirty—and most of the original fifty as well—may have been given credit on some purchase made on the instalment plan.

The small-loan agencies probably advance $2,600,000,000 a year to the American people in cash, while the instalment finance concerns make credit of $4,000,000,000 a year available to finance the purchase of the more endurable commodities. To handle all this business, an investment of about $4,000,000,000 is required which outranks ten of the twenty leading industries in the country.

It has always been considered respectable for the man of property to borrow money when he needed it, either to meet a crisis or merely as a means for making more money; but until recently it has been looked upon as slightly immoral for the workingman to get into debt. Not only has it been immoral but almost impossible for him to obtain a loan—except at the most exorbitant rates. Even today it is said that nine out of every ten people one meets on the street have no account at a bank nor possess the collateral necessary to borrow there.

During the past two decades of kaleidoscopic social change, however, no shift of scenes has been more dramatic than in the financial status of the average man. Like so many other developments, this has been tied in with the new industrial and business technique. Mass credit is a natural concomitant of mass production. The logic of it all is so simple as to be almost trite:

Mass production has necessitated mass distribution. Large scale machine operations have required large markets to absorb their products. But enlarged markets depend on the enlarged purchasing power of the masses of the people. Modern business strategy combined with the natural working out of economic forces has evolved two ways of doing this: by

Credit for the Masses

In spite of its enormous size and the social consequences bound up in it, mass credit is still a dark continent. Economists have left it almost entirely unexplored. Government statistics have almost completely ignored it. Cooperation, philanthropy, public spirit, and business enterprise have all entered the field, but because the entire area is inadequately policed, it is infested with buccaneers who take advantage of the necessities of every-day folk to levy tolls that amount to highway robbery. Mr. Clark, who has made for the Twentieth Century Fund the pioneer general appraisal of the field, raises the issue that all these agencies of mass finance should be put on a semi-public utility basis.

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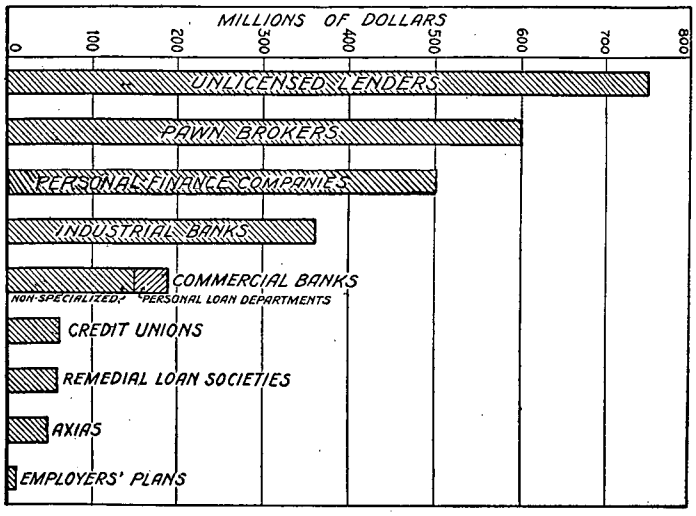


The charts on this page and the map on page 124 are reproduced by permission of the publishers, Harper & Brothers, from Financing the Consumer, by Evans Clark

Comparative volume of business. Small-loan agencies. Loan sharks still head the list

an increase in "real wages" (more money in the pay envelope coincident with lowered prices at the store) and by an extension to the masses of privileges of credit formerly reserved for the propertied few. To close the logical circle: mass distribution, on which mass production depends, presupposes mass finance. Because mass finance is concerned almost entirely with extending credit to people so they can pay for goods and services bought, it is often called "consumer credit" as distinct from credit extended to a manufacturer or merchant for purposes of producing and marketing.

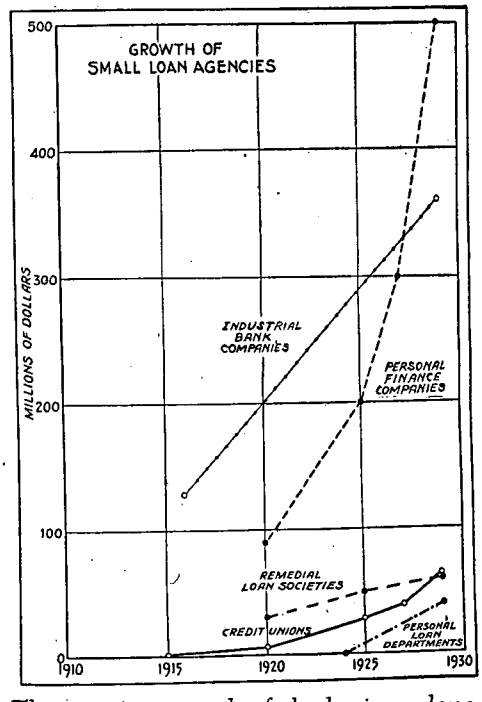
The democratization of credit has been part and parcel of the economic process which has democratized the automobile, the radio, the bath-tub, and the telephone. The poor man as well as the rich can borrow money today—just as he can own a car. Or at least he has a far better opportunity to borrow than he used to have, even though the supply of credit at reasonable rates is still far below the justifiable demand. The average man in these more enlightened days is no longer looked down upon if he gets a loan. The most respectable authorities even encourage him to borrow. It is now admitted in conventional economic circles that the average individual—especially if he be the head of a family—has as much economic right to credit as the man of property or the business concern. Often, in fact, his right is recognized as greater because his need is more acute.

To those brought up in the old-fashioned school this doctrine may still sound heretical and loose, and it is well for apologists of the new dispensation to admit its shortcomings. Credit, like any other blessing, can, and often is, abused. The temptation to borrow, as well as to lend, for purposes that are not economically wise, sometimes proves too much for those whose impulses are not checked and balanced by their judgment. But then, that has always been true, even for the business man, without impairing the basic soundness of the principle of credit. The rapid increase in the number of people to whom credit is extended and the inclusion among them of those whose education and business training is modest, to say the least, has, of course, multiplied the dangers. But since the too-rapid extension of instalment selling, which occurred six or eight years ago and which has since been curbed, there has been no evidence that the disadvantages of freer credit—many as they undoubtedly are—threaten to outweigh its advantages either to the average individual or to the economic structure as a whole.

Both as cause and effect of the new view of credit the agencies which have supplied it to the masses have expanded with sensational rapidity. A generation ago the loan shark and the pawn shop were about the only places where a man without bank collateral could borrow money—no matter how economically justified a loan to him might have been. Even at the pawnshop he would have had to put up some article of value as security that the debt would eventually be paid. The loan shark would then, and still does, charge outrageous rates—20 per cent per month or 240 per cent a year as a rule and on up to 1000 per cent or more as the not so occasional exception. Pawnshops, especially those in localities where their business is regulated by law, have charged much less, but still their rates are far in excess of the 6 per cent per annum the man of property pays for money at his bank.

Today, however, the man who does not own even a watch or jewel to pawn can borrow from half a dozen other kinds of agencies—provided he gives evidence of his ability to repay the loan. He can borrow from a so-called personal finance company, an industrial bank, a credit union, a remedial loan society, a personal-loan department of an ordinary bank, an "axia" and, sometimes, from a loan service run by the company for which he works.

SO phenomenal has been the growth of these newer forms of agencies, that they together have reached a point where they probably handle over a billion dollars annually. None the less, none of them bulks as large as either of the time-honored groups: the unlicensed lenders and the pawnshops. Because the former operate without the law and largely under cover, no close estimate can be made of the amount of business they do. Leon Henderson, director of the Department of Remedial Loans of the Russell Sage Foundation which has long led the battle against the loan



The amazing growth of the business done by the newer armies of small-loan agencies

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THE NEWER FORMS OF SMALL-LOAN AGENCIES

Personal Finance Companies. In every city in the country, where state laws permit their operation, we will find an office of one or another of the big personal-finance concerns or an independent shop patterned after them. The whole personal-finance-company business, which now amounts to $500,000,000 a year, has been constructed in less than fifteen years on the legislative authority of the Uniform Small Loan Law and statutes patterned after it. In twenty-five states[1] laws of this sort permit companies to make personal loans of three hundred dollars or less at rates much higher than banks are allowed to charge, and provide for the licensing and regulation of such agencies by state authorities. These laws were promoted by the Russell Sage Foundation as part of its campaign against loan sharks.

Some of the largest loan institutions in the world have been developed under the aegis of the small-loan laws and are growing so fast that statistics of one month are out of date the next. Two of the best-known companies alone, the Beneficial Loan Company and the Household Finance Corporation, advance over $100,000,000 a year in loans of three hundred dollars or less through offices located in three hundred and fifty cities. Mergers and chain operations have swept through the small-loan industry as they have through almost every other. It is estimated that the twenty-seven big chain companies do 35 per cent of all the personal finance business. An American Association of Personal Finance Companies has been formed to exchange information and raise standards of practice.

Industrial Banks. These, most of them patterned after the Morris Plan which was started only twenty years ago by Arthur J. Morris of Richmond, Virginia, are also to be found in every sizable community and do a total small-loan business of $400,000,000 a year. The Morris Plan group with headquarters in New York, by itself makes small loans amounting almost to $200,000,000 a year through 110 companies with 142 offices in 31 states. Other big groups of companies are: the Wimsett System, with a $50,000,000 a year business; the Citizens System, making $30,000,000 of loans a year; and the Industrial Banking Corporation. This kind of concern combines a small-loan with an investment service and also makes loans on bank collateral. These companies make loans up to $5000 and also sell "investment certificates" on the instalment plan.

Industrial banks operate under specific enabling legislation in sixteen states allowing them to charge higher rates than regular banks for small loans, but with a maximum of rates or fees specified.[2] The laws of six other states permit this sort of loan business, but do not set any maximum limit on rates or fees.[3] In other states these companies operate on an extra-legal basis.

Credit Unions. There are today over eleven hundred credit unions in the United States with a membership roll of a quarter of a million people. They are cooperative savings-and-loan institutions run for the benefit of their members who pool their savings in them through the purchase of shares and through direct deposits. From this pool loans are made to the members. The credit-union movement has spread with great rapidity during the past ten years, largely through the stimulation of the Credit Union National Extension Bureau established by Edward A. Filene and now financed by him through the Twentieth Century Fund. Fifteen years ago American credit-union assets totalled only $500,000; today they amount to almost $50,000,000 with which loans of $62,000,000 a year are made.

These agencies now operate in thirty-two states under special legislation which has been fostered largely by the Credit Union Bureau.[1] These laws limit the rates charged but allow more to be levied than on collateral, bank, and other loans. They also provide for chartering and regulation by the state.

Remedial Loan Societies. Such societies have been organized —most of them during the period from 1910 to 1915—in twenty-five cities[2] in eighteen states. They were initiated as semi-charitable agencies to combat usury by making loans at low rates out of funds obtained from philanthropists. Conservatively managed, they have, however, proved to be profitable although their dividends are limited in line with the public purpose of their founders. Together they do a loan business of about $60,000,000 a year, of which the Provident Loan Society with its sixteen offices throughout New York handles about two thirds. Such societies usually operate under special state charters.

Special Loan Departments of Regular Banks. During the past four or five years the regular commercial banks have made a spectacular entrance into the small-loan field through the organization of personal-loan departments, operated very much like Morris Plan offices, at which loans below a certain maximum limit can be made without the usual collateral security. The limit is usually $500 or $1000. More than one hundred banks are now operating in this way, serving a hundred thousand borrowers with loans which total about $40,000,000 a year.

The first personal-loan department is claimed to have been established by the Hudson County National Bank of Jersey City in October 1924, but by far the best-known and largest is that of the National City Bank in New York, which now does a business about equal in size to all the others put together.

Axias. A total business of possibly $50,000,000 a year is done by informal, unlicensed, and voluntary savings-and-loan agencies called "axias," usually found among foreign language groups in the big Eastern cities. They are somewhat like credit unions in creating pools of deposits out of which loans are made to members; but often provision is made for private profit to the organizers, and, being unregulated, the rates charged are often extremely high. The name "axia" is derived from the Yiddish term for this sort of organization—*achtzia*. In one building in New York, twenty of these bodies have their headquarters.

Company Loan Services. A good many of the larger and more progressive corporations have set up special small-loan plans for the benefit of their employes. They make loans that may total as much as $20,000,000 a year. No standard set-up for them seems yet to have been evolved, and practice differs very widely. A recent study of such funds in New York showed that the majority of loans made in amounts of less than $500. Repayments are usually deducted from salaries or wages.

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[1] The states with these small-loan laws are: Arizona, Connecticut, Florida, Georgia, Illinois, Indiana, Iowa, Louisiana, Maine, Maryland, Massachusetts, Michigan, Missouri, New Hampshire, New Jersey, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Tennessee, Utah, Virginia, West Virginia, and Wisconsin.

[2] These states are: California, Iowa, Kentucky, Maine, Maryland, Michigan, Mississippi, Missouri, New York, Ohio, Oregon, Rhode Island, Texas, Utah, Virginia, and Washington.

[3] These states are: Arizona, Colorado, Connecticut, Georgia, Indiana, and Minnesota.

[1] Credit-union laws have been passed in the following states: Alabama, Arizona, California, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New Jersey, New York, North Carolina, Oregon, Rhode Island, South Carolina, Tennessee, Texas, Utah, Virginia, West Virginia, and Wisconsin.

[2] These cities are: Boston, Cincinnati, Chicago, Colorado Springs, Dallas, Dayton, Detroit, Duluth, Indianapolis, Kansas City, Lynn, Minneapolis, Newark, New York, Omaha, Portland (Me.), Portland (Ore.), Rochester, San Francisco, Seattle, Sioux City, St. Paul, Syracuse, and Worcester.

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sharks, makes a guess at $750,000,000. Mr. Henderson is also authority for an estimate of a total of pawnbrokers' loans of $600,000,000 a year.

In spite of the necessity for avoiding too much publicity, some of the unlicensed lenders have built up chains of offices operating in several cities at once. Three of the best-known operators who have their headquarters in Atlanta, are said to control over one hundred offices among them—mostly located in states which do not have small-loan laws. Another operator, with headquarters in Milwaukee, is reputed to do a high-rate business of $2,500,000 a year. The bulk of this trade is carried on in the following states: Alabama, California, Kentucky, New York, Texas, and Washington.

Unlike most of the other small-loan groups, the pawnbroking business is still conducted almost entirely in comparatively small individually owned shops, although certain families, like the Simpsons and McAleenans in New York, seem to specialize in it and hand down their interests from father to son. Pawnshops are more or less regulated and licensed in almost every state (thirty-eight have some such provisions in their statutes), more often than not by the local authorities. State laws usually prescribe the interest rate and fees allowed and make provision for the sale of pledges of defaulting borrowers.

The instalment-finance companies should also be included in any picture of mass finance, for, after all, they are small-loan agencies themselves, and, even more clearly than the small-loan companies, are engaged in the business of consumer credit. The most important difference between the two lies in the fact that the small-loan company credit is usually extended to cover past purchases or debts, while instalment credit is always invoked to pay for goods bought at the time and in use while the debt is being paid off. Yet both are essentially small loans for the small consumer.

PROGRESS

These two figures are typical of the symbolic decorations which play an important part in the design of the Bowery Savings Bank

Consider the elements of an instalment sale. Tom Jones buys an automobile the price of which is say, $1000. He pays the dealer $300 in cash, takes the car away and uses it as if it were his. In effect Mr. Jones borrows the remaining $700 from an instalment concern and puts up the car as security, agreeing to pay the debt off in monthly instalments plus the interest charges. What actually happens is this: Mr. Jones gives the dealer his promissory note for the $700 and the dealer "discounts" this note with an instalment finance company, i.e., sells it to the company for cash less commission. The finance company then has the right to reclaim the car if the purchaser does not meet his obligations under the note.

Almost all the instalment credit in the country is furnished, not by the merchant who sells the goods, but by entirely separate concerns which function in the way just described. These instalment-finance agencies multiplied and expanded during the years 1917-1922 at a rate which exceeded the present performance of the personal-finance concerns. Although instalment sales had been common in small volume in the furniture and piano business before the war, it was the automobile that made them. While it was in 1913 that the first concern, L. F. Weaver of San Francisco, began to buy automobile instalment paper, little developed in this line until 1916. By 1922, only six years later, a thousand companies were actively in the field. A survey made in 1925 showed that 573 of these firms were doing a business of $3,300,000,000 a year in automobile credit alone. During the past six or eight years, however, instalment finance has been stabilized at a total volume of about $4,000,000,000 a year.

Most of the business is in the hands of a few enormous concerns, some of which specialize in automobile paper alone and others which go in for credit on all kinds of durable commodities. The General Motors Acceptance Corporation is the largest company in the field. It handles credits on cars, refrigerators, lighting plants, and other products which now amount to about $1,000,000,000 a year. This one concern has five thousand persons on its payroll and seventy-seven branch offices. Other vast instalment-finance companies are: the Commercial Investment Trust Corporation doing a business of $290,000,000 a year in automobiles, pianos, radios, and so forth; the Commercial Credit Company with 158 offices in the United States and Canada and representatives in 277 foreign cities and towns, and the Universal Credit Corporation which finances the Ford Company sales.

At least the more recent additions to this enormous structure of mass credit have been reared upon a modern discovery of revolutionary importance: the honesty and financial stability of the average man. The relatively poor man is now known to be as good a credit risk as the rich—provided enough effort is spent in checking up his character and dunning him to pay his debts. The proof of this is to be found in the operating records of mass-credit concerns. Almost without exception they—personal-finance companies, industrial banks, credit unions, and instalment-finance firms—report losses of only a fraction of 1 per cent of the money they loan. And, again almost without exception, they are operated at a substantial profit in spite of the extraordinary expense of investigation and collection. Small-loan rates, however, largely because of these particular costs, are high compared with collateral loans at a bank. They range from 9 to 42 per cent per year, varying with the kind of business done. And thereupon hangs a tale of attack and defense of which more later.

From the point of view of both borrower and lender, mass-finance agencies can best be differentiated by the kind of

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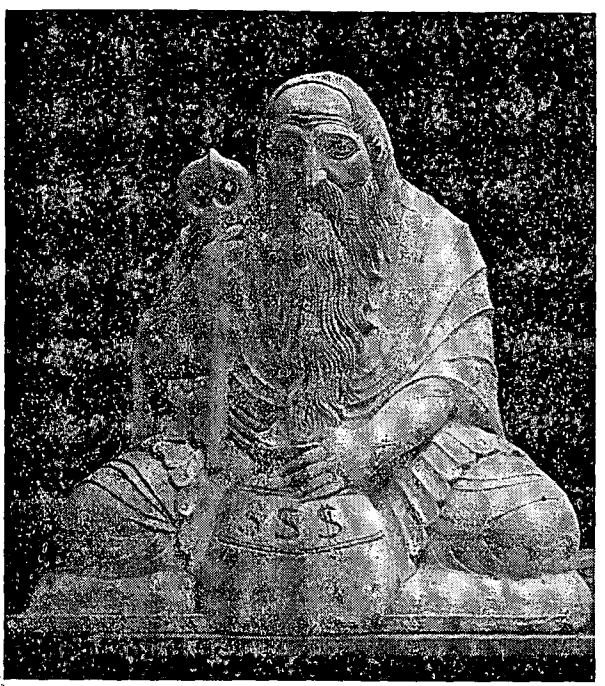
security they require. The personal-finance companies and some of the remedial-loan societies take a chattel mortgage on the borrower's personal possessions—sometimes with an assignment of wages in addition. For this reason they are often called "chattel-loan companies." That is, the borrower from such a concern gives the company the right to seize his furniture and household effects if he does not pay off his loan when it is due, and sometimes the right also to claim part of his wages. The records show, however, that very few such foreclosures are ever made. These companies will go to almost any length to avoid the ill-will and undesirable publicity such foreclosures always generate. The Beneficial Company, for example, has foreclosed on less them four tenths of 1 per cent of its loans—in only 1400 cases out of 400,000.

Industrial banks, personal-loan departments, axias and some remedial-loan societies rely chiefly on what are called "co-maker notes." Credit unions also use this form of security when any is required other than the member's shares. The borrower signs a note in which he promises to repay the loan according to the stipulations of the contract and on this note he is required to obtain the endorsement of at least two other responsible people. Each of these two "co-makers" agrees to assume responsibility for the full payment of the loan in case of the borrower's default. The borrower is also warned that delinquencies in the repayment of the loan will be reported to each co-maker of his note.

The pawnshop business and that of some of the remedial loan societies are conducted on the basis of "pledges"—articles of jewelry, silverware, clothing and almost anything of value—deposited with the lender. Loans are usually made up to about 60 per cent of the probable resale value of the pledge which becomes the lender's property should the borrower default.



SECURITY

The artist has chosen the key to symbolize security; and (on the opposite page) Mercury and the bee-hive make visual progress and organization

The unlicensed lender will usually take any form of security he can get—as assignments of wages both earned and to be earned, chattel mortgages, or co-maker notes. Within the past few years a horde of more or less respectable offices have appeared—especially in California and New York—which make loans to automobile owners on the security of a claim upon their cars. About three quarters of the unlicensed lenders' loans are on the basis of a wage assignment —"salary buying" this form of business has come to be called; while about one fifth are secured by cars. The balance, one tenth, are co-maker loans.

The usual form of loan-shark transaction is a "sale" by the borrower to the lender of a portion of the former's next wage payment. For example, the lender gives $50 in cash for $55 of the borrower's future salary. The selling formality is used to avoid the usury law which limits the interest on "loans," the theory being that such a "sale" is not a "loan." Several court decisions, however, have held precisely the contrary.

When it comes to rates, the borrower is faced with bewildering intricacies and variations of calculations—if not with concealments. It is safe to say that not one borrower in ten thousand has the slightest idea of just what a loan is costing him, let alone of the relation between the rate he is charged and that obtainable from some other agency. The loan shark's customer who swaps $55 out of his next semi-monthly pay envelope for $50, cash in hand, is seldom aware that he is being charged an interest rate of 240 per cent a year. That is the usual loan shark price on larger loans—20 per cent a month. Smaller ones usually cost 40 per cent a month, or 480 per cent a year.

Compared with such fantastic rates, the charges of even the highest rate licensed lenders seem moderate indeed. Compared, however, with the usual bank rate of 6 per cent a year for loans secured by bonds or other marketable collateral, they seem at first sight immoderately high. But even with the licensed agencies, such comparisons are difficult to make without elaborate calculations.

The Morris Plan banks in New York, for example, charge a 6 per cent discount on the full amount of the loan plus, on loans not secured by marketable collateral, an investigation fee, also, which amounts to 2 per cent on a $100 loan. Some industrial banks charge 14 per cent discount in advance. On such loans the personal finance companies in most states are allowed to charge 3½ per cent a month on unpaid balances of the loan. The usual credit-union charge is 1 per cent per month on the same basis, or a 6 per cent discount in advance. Pawn shops in New York City can charge 3 per cent per month for the first six months and 2 per cent per month for the balance of the year. Personal-loan departments usually levy a discount of 6 to 8 per cent, often plus an investigation fee, but some of them give interest on money paid back before the loan is liquidated.

The unwary borrower is apt to think of 6 per cent as 6 per cent whether it is charged by an industrial bank in advance or by a regular bank when a loan is paid off. But it makes all the difference in the world how and when the rate is figured on a loan. On a $100 loan not secured by stocks or bonds the Morris Plan customer pays $6 plus $2 investigation fee, $8 in all, when he first gets the loan. But in common with almost all other small-loan contracts he is required to repay the loan in monthly or weekly instalments. So on a monthly repayment contract he pays $8 for the use of $92 the first month, $83.67 the second, $75.34 the third and so on down to about .37 the last month. This figures out as 17.3 per cent. On a collateral loan of the same

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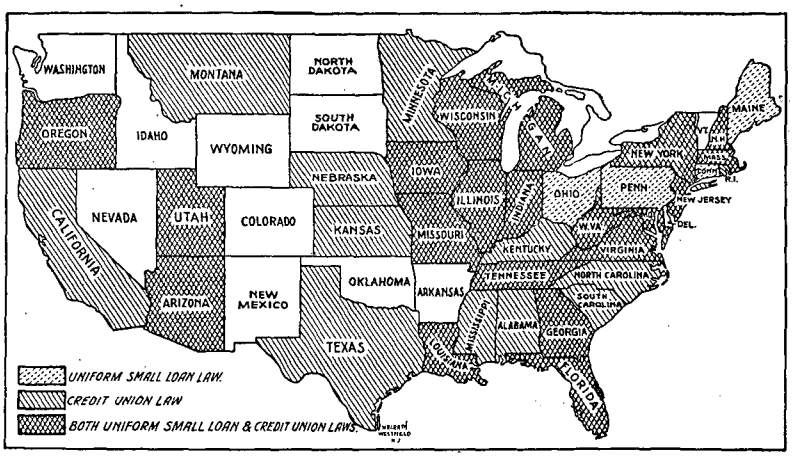
amount at a regular bank not repaid in instalments the borrower would pay $6 for the use of the entire $100 for the whole year—or at a rate of 6 per cent.

It also makes a practical difference to the borrower if he has to pay interest in advance, or even monthly, or at the end of the period of the loan, because he has not the use meanwhile of the amount he pays in advance. Even a regular bank loan of 6 per cent costs the borrower more if the interest is charged up monthly than it does if it is levied at the end of the year.



Map showing the web of state legislation. Distribution of credit-union and small-loan laws (1930)

The small borrower is sorely in need of some single measuring rod which he can apply to each of the various loan charges and reduce them all to a single comparable base. The author suggests two such rods: one the interest rate per year on the amount of money of which he has the actual use, the other a calculation of cost to the borrower which would take into account the disadvantage to the borrower of interest paid before the loan is liquidated. The accompanying "Borrower's Guide" shows in tabular form the charges of the various groups of agencies as they are levied and also reduced to annual interest rates—the simplest but least precise of these two measures.

An examination of the chart shows that the credit unions charge as a rule less than any other type of small-loan agency (usually 12 per cent annual interest), although the Provident Loan Society matches it and the National City Bank rate cuts beneath (9.4 per cent interest). Most personal-loan departments come higher in the scale with interest rates usually about 15 per cent. Industrial banks charge all the way from the 17 per cent of the New York Morris Plan to 24 per cent levied by some of the other companies. Remedial loan societies vary so widely it is difficult to set a single usual rate. While the lowest is 12 per cent, (*Continued on page* 172)

The Borrower's Guide

What the loan-seeker has to choose from in hiring the use of money

[*Rates Based on Loan of $100.*]

Agency	*Charges as Levied*	*Usual Loan Period (Months)*	*Annual Interest Rate (Per Cent)*	*Usual Collateral Required*
Credit Unions:				
Lowest legal max. (N. C.)	6% per year (N. C.)	10	6.0	Shares or co-maker note
Usual legal max.	1% per month on balances	10	12.0	Shares or co-maker note
Highest legal max. (Va. and W. Va.)	1½% per month on balances	10	18.0	Shares or co-maker note
Personal Loan Departments:				
Lowest rate (3 banks)	6% discount, 3% interest on repayments	12	9.4	Co-maker note
Typical rate (6 banks)	8% total discount and investigation fees in advance	12	17.3	Co-maker note
Highest rate	8% discount plus 2% fee (10% in advance)	12	22.6	Co-maker note
Industrial Banks:				
Morris Plan rate (N. Y.)	6% discount plus 2% fee[1] (8% in advance)	12	17.3	Co-maker note
Highest rate	12% discount plus 2% fee (14% in advance)	12	34.9	Co-maker note
Remedial Loan Societies:				
Lowest rate (Provident Loan)	12% per year—paid at term's end	12	12.0	Pledge
Average rates (pledge)	1.3% per mo. (at end)	12	15.6	Pledge
Average rates (chattels)	1.5% per mo, on unpaid bal. plus 3.1% fee	12	18.9	Chattel mtge.
Highest rate	3% per mo. on unpaid balances	10	36.0	Chattel mtge.
Axias:				
Usual rates	8% discount plus 4% fee (12% in advance)	12	28.5	Co-maker note
Personal Finance Companies:				
Household Corp.	2½% per month on unpaid balances	10	30.0	Chattel mtge.
3% states	3% per month on unpaid balances	10	36.0	Chattel mtge.
3½% states	3½% per month on unpaid balances	10	42.0	Chattel mtge.
Pawn Brokers:				
Lowest legal max. rate (Minn.)	1% per month at term's end	12	12.0	Pledge
Usual legal max. rate	3% per month at term's end	12	36.0	Pledge
Maximum legal rate (N. M.)	10% per month at term's end	12	120.0	Pledge
Unlicensed Lenders:				
Usual rates, larger loans	20% per month at term's end	½	240.0	Wage assignment
Usual rates, smaller loans	40% per month at term's end	½	480.0	Wage assignment

[1] On larger loans the percentage for investigation is less

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ENMESHED—*by W. J. Enright in the New York World. The best Loan Shark Cartoon ever drawn*

Bootleg Lenders

By LEON HENDERSON

I WAS talking about loan sharks. I often do. I thought this woman's club audience was great. It was. So I asked for questions from the floor. A very sweet old lady asked, "Mr. Henderson, why don't they put these loan sharks in jail?"

I couldn't tell her. Not for the life of me. At least not in a nice smart package of words neatly tied up in a paragraph or so, as I would have liked. I just couldn't do it. The audience saw that I couldn't. Well, maybe it wasn't such a great audience after all. But the lady set me to wondering. Why doesn't every afflicted community rise up in wrath and expel these parasites?

Loan sharkery is a criminal business in many states; so these usurers can be sent to jail. Deputy Attorney General Raphael sent some to the hoosegow in New York City not so long ago, so it has been done. The Kansas Supreme Court recently said loan-shark offices were disorderly houses, and we know their contracts are void or voidable.

But no other criminal "racket" of which I have

The high-rate loan-shark chains are not a myth. As Mr. Henderson points out, they have united into a super-combine to fight regulatory legislation, pooling lobbyists, "trouble shooters," attorneys, and fixers of all kinds and opposing the small-loans laws of twenty-four states for which the Russell Sage Foundation has campaigned for sixteen years.

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heard anything is able to rent offices and do business openly in prominent buildings, advertise continuously in the newspapers, sue in the courts, and use all the mechanisms available to decent business.

Many items about the loan-shark racket are still puzzling to me, after all these years. Take advertising, for example. Illustrating this article are some ads which appeared in the classified columns of one day's issue of a newspaper in a certain American city. A state legislative commission report contained an estimate of twenty thousand loan-shark victims in the city concerned, paying 120 to 300 and 400 per cent a year. This newspaper always supports legislation which would curb loan sharks. It has a reputation for courage and independence. It will not accept deceptive and misleading copy from department stores and other businesses. Yet notice the rates quoted for salary loans by ads in its pages. "Borrow $10 — pay $10.65." Looks like 65 cents interest, doesn't it? Yet the rates of this company are never less than 15 per cent per month. The ad just forgets to mention fees and other charges which must be paid.

Renting office space is another puzzler. How do they get in and how do they stay in? The better business bureau manager in one of the up-state New York cities got the idea that salary buyers were not entitled to practice their criminal business in his city. He started to drive them out. First he told the victims not to pay. Then he approached the owners of the building in which the offices were located and pointed out that twenty-five hundred workers in the city were paying 20 per cent per month tribute. The owners after some argument reluctantly cancelled the leases. Next he visited the bank where the loan-shark accounts were kept, and had them ousted—but not before he had seen a highly flattering recommendation of the account from one of the largest banks in the South, located in the headquarters city of a loan-shark chain. The loan shark finally quit. Yet in no other city has any public authority tried to do the same thing.

Bootleggers, prostitutes, and gamblers do not use the courts for collection of their delinquent accounts. But loan sharks do—not rarely, nor just in certain cities, but plentifully and generally. We checked court actions for debt in one Kentucky city for a five-month period last year. In this time 627 persons were hailed into court on contracts that had no standing at law. And the loan sharks won nearly all of the cases!

Lobbying for and by loan sharks is done openly in most state legislatures, but can you imagine any other anti-social business getting away with it? It's effective lobbying, too. In Alabama in 1927 the loan-shark lobby not only killed a loan bill with teeth in it, but also drew the teeth from a bill applying to four counties surrounding Birmingham. This seemed to me the greatest show of loan-shark strength I had seen up to that time.

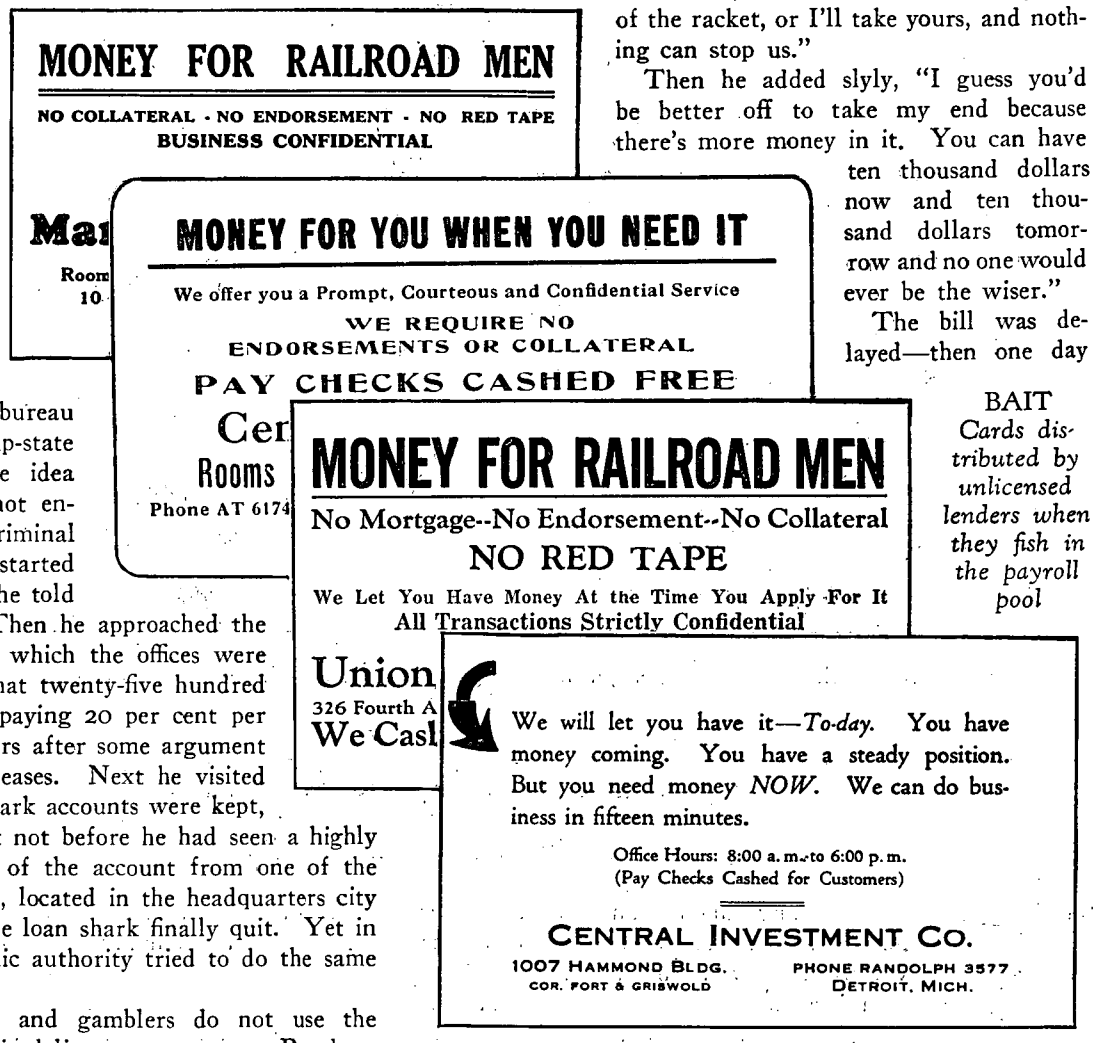
In one western state in 1927, we had enough votes pledged to pass a sound small-loan bill. Everyone was with us except the high-rate lenders. The salary-buying loan sharks had a representative from Atlanta on the job and a flock of private detectives constantly watching my wife and myself. (How we got rid of the detectives is a story in itself.) The loan-shark representative approached me one night and admitted his connection but said his papers would show him to be a publicity agent. He said he had had me "shadowed," had tampered with my mail, intercepted my telephone calls, and so forth, but admitted that it looked as if our bill would pass.

"What's the use of two good men like you and I fighting each other," he said. "You take my side of the racket, or I'll take yours, and nothing can stop us."

Then he added slyly, "I guess you'd be better off to take my end because there's more money in it. You can have ten thousand dollars now and ten thousand dollars tomorrow and no one would ever be the wiser."

The bill was delayed—then one day sudden opposition sprang up. A certain senator visited his colleagues and threatened to oppose their local bills unless each promised to vote against the "loan-shark bill." No reasons assigned. No arguments. Take it or leave it. Now legislators are dependent on "local bills" for reelection. In this instance, enough senators withdrew their pledges so that we felt it wise not to bring the bill to a vote. Then the opposing senator visited the governor, who favored our bill, and offered to "switch" and pass the bill if he were given a place on the public service commission!

We counted twenty-five loan-shark lobbyists at work in


MONEY FOR RAILROAD MEN
NO COLLATERAL - NO ENDORSEMENT - NO RED TAPE
BUSINESS CONFIDENTIAL
MONEY FOR YOU WHEN YOU NEED IT
We offer you a Prompt, Courteous and Confidential Service
WE REQUIRE NO
ENDORSEMENTS OR COLLATERAL
PAY CHECKS CASHED FREE
Rooms
Phone AT 6174
MONEY FOR RAILROAD MEN
No Mortgage--No Endorsement--No Collateral
NO RED TAPE
We Let You Have Money At the Time You Apply For It
All Transactions Strictly Confidential
Union
326 Fourth A
We Cash
We will let you have it—To-day. You have money coming. You have a steady position. But you need money NOW. We can do business in fifteen minutes.
Office Hours: 8:00 a.m. to 6:00 p.m.
(Pay Checks Cashed for Customers)
CENTRAL INVESTMENT CO.
1007 HAMMOND BLDG.
COR. FORT & GRISWOLD
PHONE RANDOLPH 3577
DETROIT, MICH.

BAIT
Cards distributed by unlicensed lenders when they fish in the payroll pool

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1928 at Baton Rouge. In South Carolina in 1930 loan sharks openly opposed a loan bill because it would allow outside "chain" companies to come in with lower rates and take the business from the local sharks!

Loan sharkery is a criminal business in Illinois. Not so long ago a woman lawyer became active against some loan sharks in Chicago—and the racketeers threatened her brother with death if his sister were not "called off."

Two "chain" operators of high-rate offices wrote a Chicago attorney partially as follows:

> We understand that some complaints have been made on account of our business. . . .
>
> Until the adjournment of the session of the Illinois legislature, we will settle any complaint coming to the attention of the United Charities of Chicago or its legal bureau on any basis that the person representing the United Charities believes to be just. . . .

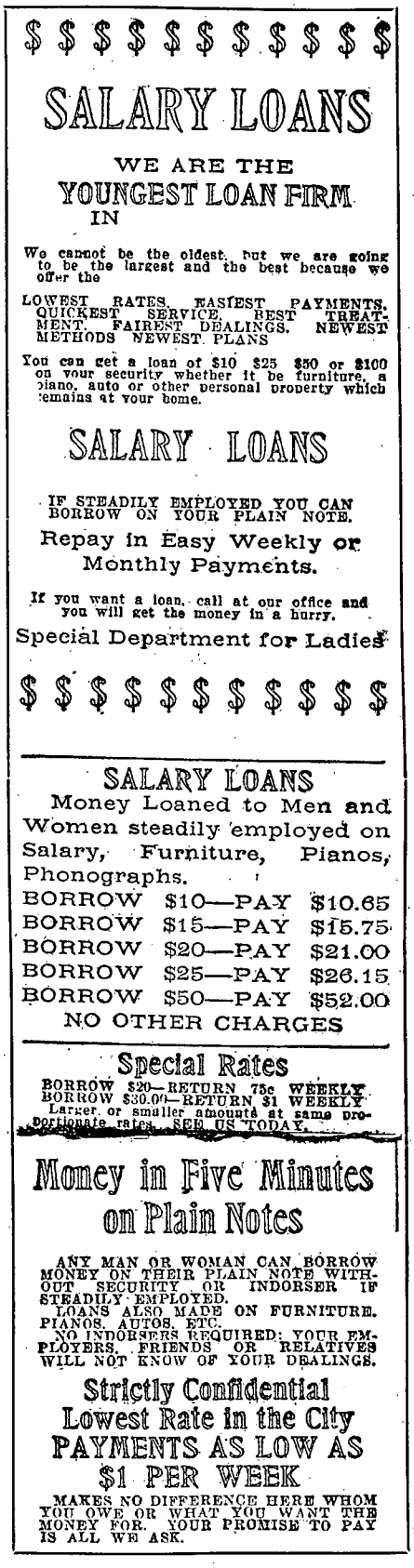
Well, what answer did I give to the Old Lady at the Woman's Club? (Notice that she has attained uppercase status by this time.)

My stumbling answer was a guess—a guess that poor people had to borrow money very often, oftener perhaps than she realized. And if there were no reputable company from which to borrow, then these poor folks were compelled to go to loan sharks. Evidently, I said, society realized this and tolerated loan sharks.

It was a stumbling answer and one that as it is now written limps all the way down the column. Now I recall one Oklahoma city, where many loan sharks belong to the local business organizations. Those who would oust them from membership are met with the caution, "Let 'em alone—we might get something worse."

But you and I are interested, presumably, in "something better." From what source will relief come? I see two main streams—cooperation and private enterprise, both under state regulation. If the cooperative commonwealth advances swiftly, then we shall have greatest hope in loans by credit unions, people's banks, and other cooperative loan agencies. But meantime we shall have to look to better regulation of commercial agencies.

Small loans are necessary. Fickle though legislators may be, I've found few to deny that a loan of money in a family emergency was better than charity or bankruptcy. Strange to say, however, though such money-lending has been a business for hundreds of years, it remained for America to decide that it was an absolutely necessary one and that decent people would conduct it if only its necessity were recognized and regulated by the same type of laws as those by which other essential commerces are conducted.


$ $ $ $ $ $ $ $ $ $
SALARY LOANS
WE ARE THE YOUNGEST LOAN FIRM IN
We cannot be the oldest, but we are going to be the largest and the best because we offer the
LOWEST RATES. EASIEST PAYMENTS. QUICKEST SERVICE. BEST TREATMENT. FAIREST DEALINGS. NEWEST METHODS NEWEST PLANS
You can get a loan of $10 $25 $50 or $100 on your security whether it be furniture, a piano, auto or other personal property which remains at your home.
SALARY LOANS
IF STEADILY EMPLOYED YOU CAN BORROW ON YOUR PLAIN NOTE.
Repay in Easy Weekly or Monthly Payments.
If you want a loan, call at our office and you will get the money in a hurry.
Special Department for Ladies
$ $ $ $ $ $ $ $ $ $
SALARY LOANS
Money Loaned to Men and Women steadily employed on Salary, Furniture, Pianos, Phonographs.
BORROW $10—PAY $10.65
BORROW $15—PAY $15.75
BORROW $20—PAY $21.00
BORROW $25—PAY $26.15
BORROW $50—PAY $52.00
NO OTHER CHARGES
Special Rates
BORROW $20—RETURN 75c WEEKLY
BORROW $30.00—RETURN $1 WEEKLY
Larger or smaller amounts at same proportionate rates. SEE US TODAY.
Money in Five Minutes on Plain Notes
ANY MAN OR WOMAN CAN BORROW MONEY ON THEIR PLAIN NOTE WITHOUT SECURITY OR INDORSER IF STEADILY EMPLOYED.
LOANS ALSO MADE ON FURNITURE, PIANOS, AUTOS, ETC.
NO INDORSERS REQUIRED; YOUR EMPLOYERS, FRIENDS OR RELATIVES WILL NOT KNOW OF YOUR DEALINGS.
Strictly Confidential
Lowest Rate in the City
PAYMENTS AS LOW AS $1 PER WEEK
MAKES NO DIFFERENCE HERE WHOM YOU OWE OR WHAT YOU WANT THE MONEY FOR. YOUR PROMISE TO PAY IS ALL WE ASK.

HOOK, LINE, AND SINKER

Three advertisements out of a dozen in a single issue of a Middle-Western newspaper. None of these loan sharks charges less than 15 per cent per month. The usual rate is 20 per cent, or 240 per cent per year

The small-loan laws in twenty-four states are simple in theory. They call for state supervision of lenders who loan sums up to three hundred dollars on salaries, endorsers, and chattels, which after all are about the only bases of credit available to the average man. The laws usually provide for bond, examination, license fee, and penalties for violations. The rate allowed licensed lenders is generally 3 to 3½ per cent a month because any lesser rate has been found in the past insufficient to attract reputable capital. New York has tried 2¼ per cent for several years, without success. Millions of dollars for call loans at 2 per cent a year, but only a handful of pennies for wage and chattel loans at 2¼ per cent a month.

Simple in theory, I said, and I'm willing to repeat it. But there is nothing in the law to say the ancient curse and suspicion of money lenders is automatically repealed. Few states have adopted a small-loan law without having some proposal every legislative year to change its mind on the rate to be allowed. As a result, the "legislative hazard" is the greatest danger at present to the new experiment in money-lending. Decent capital cannot get money from the public through security sales for a business that is not stabilized—and it cannot reduce rates to borrowers unless it gets cheap money. So every time a legislature threatens to reduce the going rate, cautious capital flows elsewhere, and daring dollars employed by loan sharks make a fat profit.

New Jersey illustrates this very well. Back in 1914 a rate of 3 per cent drove the 20 percenters to cover for fifteen years. Now in 1930 the legislature cuts the rate in half—and the licensed lenders, with the invested capital of many small stockholders, pack up and leave. Few New Jersey borrowers get money today at 1½ per cent. Most of them pay more than the old rate of 3 per cent or go without. "Going without" money in an emergency means lots of social distress.

In West Virginia the rate was reduced to 2 per cent per month. With-

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APPLICATION TO SELL ACCOUNT FOR WAGES OR SALARY

INDIANA, [redacted] COUNTY:

hereby make application to sell to [redacted] Co., an account due me by _____ for wages or salary already earned during the month of _____ 192___ in the capacity of _____

In order to induce said [redacted] Finance Co. to purchase said account for wages or salary, I hereby represent and warrant to be true, that I am over 21 years of age, that I am employed by _____ in the capacity of _____ and was so employed during the month of _____

And while so employed I earned as salary or wages the sum of _____ dollars and _____ cents; and there are no offsets or counterclaims against said account; that there are no orders, drafts, garnishments or attachments outstanding in any way affecting said account; that said account is just, true, due and unpaid, and that it has not heretofore been sold or transferred the same.

This transaction is an absolute and unconditional sale, and not a loan or advance of money, and is not a discount; I am not a debtor to the purchaser; this is an original transaction, and is not a renewal or extension of any kind. I agree to take _____ dollars for said account and hereby authorize the purchaser in my name and stead, and as my attorney in fact, to sign any and all checks, vouchers, receipts and acquittances necessary and proper to be signed in order to collect said account.

IN TESTIMONY OF ALL WHICH I have hereunto set my hand and affixed my seal.

This the _____ day of _____ 192___

Attested by _____

The above proposition is hereby accepted.

Address _____ St.

THE TEETH OF A LOAN SHARK

Customary form of application signed by the borrower. Beneath this form, usually on the same sheet, is another, very like it in appearance, which he signs at the same time—a pseudo-bill of sale of part of his wages. The Russell Sage Foundation has discovered a wrinkle on the part of some unscrupulous lenders by which they collect double. After the borower is used to signing these two blanks, he may find after the next time he comes that he has signed instead two bills of sale printed on the same sheet, one above the other, and so owes double the amount he has borrowed plus the extortionate interest

in six months twenty-six licenses had been eliminated and twenty-three loan sharks charging 20 to 25 per cent a month had appeared. The workings of economic law are not always slow.

Often the legislatures go too far, as in New Jersey and West Virginia. The public insistence on lower charges for small loans, however, is a great asset in forcing economy and efficiency of operation of loan licenses, and good business is meeting the challenge.

America's experiment has been going on nearly twenty years—ever since Massachusetts passed the first satisfactory law in 1911.

If our population didn't borrow so much money nowadays, it might have taken several score of years to determine whether the experiment was a good one or not. But Americans of all income classes want goods and services, want them in big gobs, and want them pronto. In the "old" countries money was borrowed on pawn—which is accumulated wealth in property form. But the average American has little use for the pawnbroker. If ready cash is not at hand, there is always a money-lender or the instalment seller to oblige him by discounting future earnings. And nearly every time he uses his credit he becomes a sure prospect as a borrower of money in the future.

And to repeat—if there isn't a legitimate lender at hand to make the loans, the loan shark will make them. I've heard it said that money-lenders stimulate borrowing. Undoubtedly they do, but mainly it's the borrower's own idea after some misfortune has pressed him for ready cash.

Borrowing is done by just as large numbers in loan shark territory as in licensed territory. Take Minnesota and New Jersey, for example. Minnesota has no loan law but plenty of loan sharks. The Minnesota Legislative Interim Committee in 1929 reported eighty-five loan sharks and twenty thousand victims in Minneapolis. Based on the recent census, this means that one out of every twenty-three persons, men, women, and children, were borrowers from loan sharks, paying 180 per cent to 240 per cent per year. In the three principal cities, Minneapolis, St. Paul, and Duluth, loan sharks have $3,000,000 capital constantly at work, said the Interim Committee. The minimum interest charges for $3,000,000 of loan shark capital would be $4,000,000 a year. This means that in these three cities $5 a year per capita tribute is paid to a loan-shark system.

Imagine the howl that would go up in Minneapolis if the city fathers should assess a head tax of $5 a person "to provide revenue and profit for illegal and unconscionable high-rate lenders." Could the tax be collected? Yet this is the amount which the loan shark confederacy collects each year, and little or nothing is done about it.

Contrast this with New Jersey's experience under its effective small-loan law from 1914 to 1930. Figures are a little more accurate for New Jersey. In 1929 one out of every twenty-seven persons was borrowing from licensed small loan companies, under supervision of the state, and paying a maximum of 3 per cent per month on unpaid balances—about one sixth the usual Minnesota charge. In New Jersey an average of $24,000,000 of capital was being loaned at an interest cost of $6,000,000, or about 25 per cent for the entire year.

In other words, decent capital in New Jersey was at least five times as effective as loan-shark money in Minneapolis, Duluth, and St. Paul.

Yet see what happened!

The Minnesota Legislature refused to reduce the loan-shark rate from 15 to 20 per cent, to 3½ per cent per month, and the loan shark now thrives as never before. And the

Employees Finance Co.

Has bought a certain sum of money from you. This SUM no longer belongs to you.

On the Day Collected from your EMPLOYER, You must deliver this SUM to us in a LUMP SUM.

Your privilege of selling to us is based on the accuracy of your delivery.

SO BE ON TIME

We Will Buy as Often as You Want to Sell

Delivery Date.....

A FIRST GENTLE HINT

Dunning notice sent to a borrower who failed to come round and pay up to a bootleg lending company on pay day. One of the railroads issued a notice to its employes that if lending companies came around to collect assignments of wages that would be cause for discharge. A bootleg company forthwith reproduced the notice, enclosed it in plain envelopes and sent it to their overdue borrowers among railroad employes as if it came from their employer

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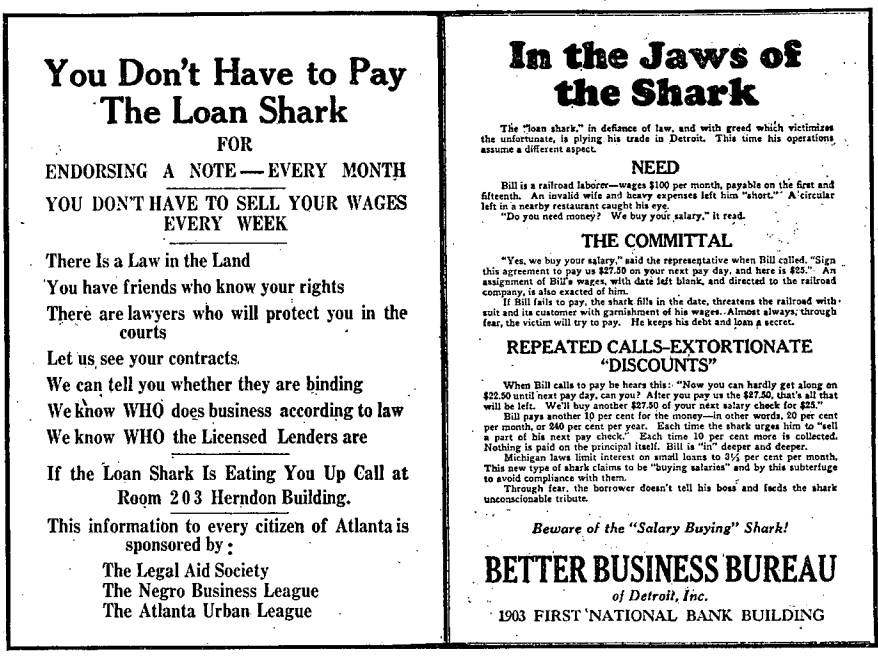
New Jersey legislature cut the 3 per cent rate in half, and drove licensed lenders from the state.

No wonder the loan shark exists!

About half the states have brought the going rates on small, risky, unsecured loans down from 20 per cent a month to a minimum of 3 to 3½ per cent per month. In the other half, 20 per cent a month is the usual charge. In this group are included Texas, Alabama, California, Colorado, Oklahoma, Arkansas, Minnesota, Kentucky, Mississippi, and the Carolinas.

None of the 20-per-cent-a-month states seems to bother much about the matter—but in the 3-to-3½-per-cent-a-month states, there is always agitation for lower rates. Explain that if you can. The Old Lady at the Woman's Club and I both thought it was peculiar, to say the least.

A large part of the failure of the 20-per-cent states to adopt proper regulation is due to the organized effort of the high-rate loan-shark chains. These "chains" are not myths. Their owners, headquarters, and outlets are well known—as well as their outrageous rates. The most vicious at present has its headquarters in Louisville. Another is located in Milwaukee and receives financing from some very reputable and God-fearing club-men. Atlanta, as always, has two and Chicago has a couple.



You Don't Have to Pay The Loan Shark

FOR

ENDORSING A NOTE — EVERY MONTH

YOU DON'T HAVE TO SELL YOUR WAGES EVERY WEEK

There Is a Law in the Land
You have friends who know your rights
There are lawyers who will protect you in the courts
Let us see your contracts
We can tell you whether they are binding
We know WHO does business according to law
We know WHO the Licensed Lenders are

If the Loan Shark Is Eating You Up Call at Room 203 Herndon Building.

This information to every citizen of Atlanta is sponsored by:

The Legal Aid Society
The Negro Business League
The Atlanta Urban League

In the Jaws of the Shark

The "loan shark," in defiance of law, and with greed which victimizes the unfortunate, is plying his trade in Detroit. This time his operations assume a different aspect.

NEED

Bill is a railroad laborer—wages $100 per month, payable on the first and fifteenth. An invalid wife and heavy expenses left him "short." A circular left in a nearby restaurant caught his eye.

"Do you need money? We buy your salary," it read.

THE COMMITTAL

"Yes, we buy your salary," said the representative when Bill called. "Sign this agreement to pay us $27.50 on your next pay day, and here is $25." An assignment of Bill's wages, with date left blank, and directed to the railroad company, is also exacted of him.

If Bill fails to pay, the shark fills in the date, threatens the railroad with suit and its customer with garnishment of his wages. Almost always, through fear, the victim will try to pay. He keeps his debt and loan a secret.

REPEATED CALLS—EXTORTIONATE "DISCOUNTS"

When Bill calls to pay he hears this: "Now you can hardly get along on $22.50 until next pay day, can you? After you pay us the $27.50, that's all that will be left. We'll buy another $27.50 of your next salary check for $25."

Bill pays another 10 per cent for the money—in other words, 20 per cent per month, or 240 per cent per year. Each time the shark urges him to "sell a part of his next pay check." Each time 10 per cent more is collected. Nothing is paid on the principal itself. Bill is "in" deeper and deeper.

Michigan laws limit interest on small loans to 3½ per cent per month. This new type of shark claims to be "buying salaries" and by this subterfuge to avoid compliance with them.

Through fear, the borrower doesn't tell his boss and feeds the shark unconscionable tribute.

Beware of the "Salary Buying" Shark!

BETTER BUSINESS BUREAU

of Detroit, Inc.

1903 FIRST NATIONAL BANK BUILDING

MODERN WEAPONS AGAINST USURY

A dodger gotten out by Atlanta organizations to counter loan-shark operations among Negro wage-earners

How the better business bureaus use advertising space in the newspapers to combat the salary-buying shark

In recent years, however, these chains have united into a super-combine to fight regulatory legislation and have pooled lobbyists, "trouble-shooters," attorneys, and fixers of all kinds. Three main types of attack are continuously in progress. The first is constitutional attack on the existing laws, the second is resistance to proposed new legislation, and latterly there has been an attempt to repeal or emasculate existing laws.

Mysterious "test" cases have appeared in several states in the last two years. I recall offhand at least ten. Often the figure of a Wisconsin lawyer is discernible in the background of these cases—the same man who lobbied against the Wisconsin and Louisiana small-loan laws. In Georgia, Ohio, Missouri, Louisiana, the principals in these test cases are well known as lenders charging 20 per cent a month for small loans.

Fortunately none of these cases has succeeded, but the loan sharks figure there is always a possibility of a decision of unconstitutionality. And then the state would be open again to high-raters. Consider the effect of a breakdown of the Missouri law, for example. In St. Louis prior to its passage there were over a hundred "20 percenters." Now there are only half a dozen, and these are undergoing criminal prosecution. A reversal would let all brands of loan sharkery loose upon the state again.

The United States Supreme Court recently rejected a loan-shark appeal. The Ohio Supreme Court said that the anti-salary-buying amendment was legal, and the Georgia Supreme Court sustained that veteran loan-shark campaigner, Major Boyd. Millions of dollars hinged upon every one of these decisions.

The greatest activity of the loan-shark combine is directed toward preventing the spread of legislation and toward repeal of laws which have driven loan sharks out of certain states.

Before the last session of the Kentucky Legislature, all loan sharks in Paducah, Kentucky, received the following instructive and illuminating letter from the local collector of the combine. (There were twenty-five loan sharks for a population of about twenty-six thousand.)

Paducah High Rate Loan Men,
Gentlemen,

More than 30 states will be dominated by the 3½ per cent interest after the present sessions adjourn.

They openly boast as to what they are going to do for us next time the Legislature meets.

Now are we going to surrender or are we going to fight them? To fight them we must have our organization working before they get entrenched. We can whip them if we get together and not wait till next January to start our fight.

Just ask ourselves is my business worth putting up a fight to continue operating. What would we do if we were out of the loan business. For we surely will be out if this 3½-per-cent bill is passed.

Now here is the solution. Start right now, put aside each month this year a certain amount. Say $20 per month for the next 10 months. This will give each office $200 in hand by January the 1st.

We can each do this and never miss it and have it ready at any moment it is needed. This will give Paducah $1,400.00 to make what will be our last and final stand. And if we do this we will win but if we neglect this the other factions will win. And we will be working for some concern at about $80 a month for a living. . . .

I can assure you that my offices will put in dollar for dollar for what the rest put up per office.

Sincerely

. . . . . .

The experience of Ohio in 1929 is typical. An amendment was proposed to limit salary purchases to 3 per cent per month. Loan-shark chains (*Continued on page* 181)

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SETTLEMENT OF ACCOUNTS BY A MEDIEVAL GUILD

A miniature of group banking from a fifteenth century French manuscript

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TWO MONEY LENDERS OF OLD FLANDERS

Engraved from a painting by van Reymerswael in the National Gallery, London

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THE BANKER — *Hans Burgkmair*

The Spread of Credit Unions

By EDWARD A. FILENE

HENRY FORD popularized the automobile. The credit union has begun to popularize banking. It is not unreasonable, I am convinced, to expect the credit union to do as much for finance as a business as Mr. Ford has done for the entire motor-car industry.

Twenty years ago it was as unheard of for workingmen to own and operate banks of their own as it was for them to own and operate their own automobiles. It was only twenty years ago that we organized the first cooperative savings-and-loan institution in Massachusetts. There are over fifteen hundred such credit-union agencies in America today, all prosperous and many of them dealing in millions of dollars. Thirty-two states have enacted legislation permitting their organization and regulating their conduct in the public interest. Altogether these credit unions have assets of over $45,000,000 and do a loan business of $60,000,000 a year.

If credit unions have grown fast during the past twenty years they are due for a much faster expansion in the next two decades. They have passed the laboratory stage, they have met the tests of practice and now, with large and powerful interests committed to their encouragement, the movement will pile up momentum through its own bulk.

There are now nearly two hundred credit unions in the postal service with approximately forty thousand members. The movement among great private corporations has also registered the same striking growth. There are eight unions, with sixteen thousand members, among employes of the New England Telephone and Telegraph Company. There are unions also in twenty-five of our railroad systems. There are hundreds of factory unions, farm unions, of unions organized within fraternal orders, within church parishes and wherever there are homogeneous groups of people who are somewhat acquainted with each other and who need or are likely to need small loans without the particular securities which money-lenders have heretofore considered adequate.

But this tells a very small part of the story. A more important part is the demonstration which these credit unions have made: a demonstration, first, that the masses everywhere have the capacity and the intelligence to carry on banking efficiently; and secondly, that such mass banking is not only a tremendous service to those who engage in it but is good for business, good for general prosperity, and good for good banking everywhere; which brings me back to my point of departure. The bank, like the automobile, is being democratized before our eyes.

IN the days before credit unions were devised, finance was an esoteric mystery to the masses, and, like those who operate mysteriously, bankers were the object of popular fear and distrust. I have always understood the prejudice of the workers, even if I have not agreed with it. It was most natural, under the circumstances, that they should be prejudiced against the existing institutions of money; for these institutions were generally limited in their functions to dealing with people who felt themselves very much above the working class. The regularly organized financial institutions, efficient as they might be in their special activities, did not consciously touch the average individual in his re-

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curring financial crises. He naturally looked upon the bank as connected in some vague way with a mysterious conspiracy of the clever rich against the honest poor. The main reason for this was that the bankers themselves, while aware of their essential service to society as a whole, did not expect to deal with any except its "most responsible members." The bank of those days, psychologically speaking, was somewhat in the same position as the automobile. The motor car, like the steam yacht, was for the rich.

How we feel about anything depends very largely upon its relation to us. When the common people encountered the phenomenon of the automobile, their first reaction was one of wonder and then of something akin to rage. For the average man did not dream of owning a car, and when one of these dangerous and expensive engines came down his pike, he thought mainly of how it scared his horses or endangered the lives of his family. As soon as Ford made it possible for everybody to have a car, this old psychology changed. Then everybody wanted good roads, and everybody brought pressure upon the government to build them. This not only built up the Ford factory but it built up many other great automobile factories and was a particular boon to those who were selling only the classiest kind of cars, for they could not sell many of these very expensive cars until there was a sufficient mileage of roads to run them on.

The motor car manufacturers of the time, however, were not particularly enthusiastic for Ford. They could not see that there was more money for them in the long run if cars could be brought to everybody, than there would be if they could be kept exclusively for the well-to-do. Nor did they fear the antagonism of the masses. The highways were highways, people had a right to drive these vehicles upon them, whether the masses felt like puncturing their tires or not.

Capital has always had a way of standing on its rights and neglecting its opportunities: so bankers and financiers—not all, of course, but many of them—looked askance at Ford, just as they looked at credit unions which were favored at first only by a little group of practical thinkers. But now credit unions are seen by forward-looking bankers as good for them as well as good for the credit unionists. These new agencies of mass finance promote savings, which are deposited with the bankers just as other funds are; they make for greater prosperity among consumers, which is good for business as a whole; and, finally, they tend to dissipate the popular prejudice against financiers which grew out of lack of understanding, for the masses of people are now becoming bankers themselves.

Only in the past few years have workingmen without tangible assets been able to borrow money at all except at exorbitant rates, and the change has been greatly influenced by the credit-union movement. Up to the present century, it has always been necessary for him who would borrow to own some sort of property which could be put up as security.

JUST what constituted good collateral for a loan, however, has always been a moot question. In the beginning, land was uniformly looked upon as the great source of wealth, and only the great landowners could hope to borrow much money. Non-landholders who requested a loan for the purpose of carrying out some hazardous trade enterprise were held up by their creditors for about all, in the way of usury, that the traffic would seem to bear. This tradition lasted almost down to our time: and the early days of the machine age did not get the name of industrialism but of capitalism. For the man who advanced the money upon these machine enterprises was supreme. The engineer, the technician, played a relatively ignoble part. A capitalist might lend money to a gentleman landlord without being considered the owner of the estate: but he would scarcely think of putting up the money to launch a factory enterprise without making sure that the profits of the enterprise should pretty much accrue to him.

By experience, however, it became known in time that a factory was every bit as good security as an estate, and surplus wealth for factory development became available, by virtue of competition between money-lenders, at relatively low rates of interest. But the idea of ownership remained. One had to own the factory if he expected to borrow enough money to meet its financial needs. If workers wished to borrow money, the fact that they were associated in this profitable factory enterprise seemed to mean nothing at all. And this tradition has lasted right down to our time. A factory owner might have no actual money surplus and yet be able to borrow large sums, not because the factory was considered intrinsically valuable, as jewels, for instance, were supposed to be, but because it was potentially a wealth-producer. The worker was also potentially a wealth-producer, but there was no great competition to lend him money because of that. He could borrow money only if he had previously bought a house and lot, or had some equally tangible security to offer. He might be financed, to be sure, by some friend, but it was well understood that the friend was acting as a friend and not as a financier.

But all human beings need to borrow, at some time or other, in one way or another; and there are times in the lives of most human beings when they need to borrow money. The needs of the worker—that is, the needs of the masses of people—in this respect, were simply overlooked. Often they borrowed, but at a thoroughly ruinous rate of interest.

I had this most vividly impressed upon my consciousness in India, about a quarter of a century ago. It was there

Drive out any highway and the cars that slide by you click off and register the spread of mass production. Stop at the next town and note the chain stores on the main street. Evidences these of the introduction of mass distribution. Meanwhile, you may have passed a post office or a railroad shop, a factory, a parish house or a rural crossroad that is the center of a credit union. There is nothing to see—like a Ford or an A. & P. But it is an invention nevertheless, newer to the United States than the gas engine; and unlike the chain store, it is an incarnation of local initiative and cooperation. And to the initiator, if not the inventor, of this new financial institution among us, it holds out the possibility of affording a human balance to both these other forces that are modifying our American life—this spread of a democratic form of mass credit.

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that I first came to see how poverty creates poverty. Although the struggling masses were reduced to almost nothing in the way of food, shelter, and clothing, they were clinging to the last shreds of respectability in trying at least to have respectable marriages and funerals. But these marriages and funerals cost great sums of money, and the only way that the poor could procure such sums, was through the practical mortgaging of their lives forever after to the money-lenders. Families might struggle for generation after generation to get out of debt, but the recurring marriages and funerals would only leave them more deeply mired. It was not a profitable procedure, even from the standpoint of the money-lender; for he was not effectively capitalizing this man-power and organizing it to produce wealth efficiently, but was simply holding the debt over them as a perpetual curse from which they might struggle hopelessly to free themselves.

It was in India also that I came across a British provincial governor who had resigned his position to attempt to free the masses from this curse of debt. His program was a simple one. It was that they should cooperate in little groups, each member making a regular although pathetically small contribution to a group fund, to be used thereafter to extend loans to the members in their individual times of need, particularly for weddings and for funerals. Instead of borrowing from usurers then, they would henceforth be borrowing from a social fund over which they themselves would have control.

In Germany I had also a chance to see with my own eyes how people might cooperate in financing themselves. The famous Schulze-Delitzch and the Raiffaisen "people's banks" had incorporated the idea of cooperative savings and loans into going concerns with assets even then well into the millions. Luzzatti and Wollenborg, in Italy, were following the same lead. Even in Egypt I found such agencies at work.

There was no such poverty in our country as there was in India but there was something of the same poverty-producing principle which had reached its zenith over there. Ours is a highly developed capitalist country; nevertheless, the need of the masses of people for small loans was not being effectively served by any well-organized financial agency. Through their capitalization of industrial processes and through their ordinary functioning as banks, our banks were performing a great and essential public service and helping to make it possible for workers to get better wages here than in any other country in the world. But they were not directly lending to the workers, although it was necessary for almost every one of these workers, at one time or another, to borrow directly from somebody.

Woodcut by Frans Masereel

Borrowers as a Flemish artist sees them

We are like to forget that the loan shark did not develop the loan-shark system. He simply answered a demand for loans from sources which the more reputable money-lending agencies utterly ignored. It was a long chance, as the banks saw it, to lend money to such people, and the banks could not perform their function to society if they were to lend the wealth entrusted to them on long chances of getting it back. When the average working-man was told that the legal rate of interest was 6 per cent, he knew from experience that this did not apply to him. If his family ran into any special hard luck, if he temporarily lost his job or they had serious illness, he might borrow money; but if he could borrow it at three or four times the legal rate, he was unusually lucky. If he were a newly arrived immigrant, or a man who had failed in some crisis to win the confidence of his community and was now trying to make good and come back, he might be turned down even by the ordinary

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loan shark and become the victim of some extraordinary one. In our credit-union work, we have actually run across the case of a borrower who had already paid back 3600 per cent of the money he borrowed and was still in debt.

I do not wish to give sole credit to the credit unions for the changed attitude of the American masses toward the money system during the last twenty-five years. The credit union has been but one of the factors, and an incalculable factor at that, for the credit union cannot be judged solely by its own achievements but must be considered as well in connection with the lessons it has taught the other financial agencies. Many of our leading banks are today specializing in small loans to workers; and the instalment system, until very recently looked upon as an unsound if not unethical device of too impatient selling organizations, is virtually loaning billions of dollars yearly to ordinary people to the great profit of all concerned. Fraternities, lodges, labor unions, even church societies, have also done much to meet the need of small loans among their respective members. Nevertheless, in this financial revolution, the history of the credit union is unique.

IN trying to adapt the principles of the East Indian co-operatives, and of the great workers' banks which I later studied in many parts of Europe, especially in Norway, to the conditions which actually existed in America, I became convinced at the start that the proper organization of the small-loan business must be through the organization of genuine legal banks under the regular supervision of the state banking departments.

That ordinary workers might learn banking, and learn it so efficiently as to be of great financial use to themselves, was an assumption on my part with which the average American banker of a quarter of a century ago had little sympathy. Nor did it do much good to cite successful experiments in Europe. It required a financial mind, as he saw it, to run any kind of a bank; it required many years of training. These men were not necessarily opposed to the workers making any experiments which they wished to make. They were not opposed to the lodges having burial funds, for instance, or the labor unions engaging in insurance. But the traditions under which they were operating restricted banking pretty closely to the field which it was at present occupying; and when it was proposed to establish these little cooperative banks, with non-salaried officers and necessarily inexperienced direction, the average banker either antagonized the proposal or discouraged it, although some far-sighted bankers have helped the movement from the start.

The loan sharks, of course, fought it openly; and since the project was as yet untried, and the average person who might be benefited did not know as yet whether the scheme would work or not, it was impossible to organize much agitation in its favor. There were just a few theorists, a few social reformers, a few students who had observed the efficient workings of the European cooperatives, and a few social workers who had had first-hand acquaintance with the pitiful conditions which followed in the trail of the loan shark everywhere, who could be depended upon to help in getting credit unions organized.

Now some of the loan sharks were Jews, and some of the agitation against them was anti-Jewish propaganda. It should be recorded, then, that the first promotors of credit unions in America were also Jews. They were not thinking of themselves as Jews in doing the work they did. They were simply citizens sincerely interested in rescuing other citizens from the jaws of the loan sharks; but the fact that they were Jews, I think—and I thought at the time—was strategically important. So when I broached a plan for the organization of a society in Massachusetts to promote the credit-union idea, I saw to it that the Jewish citizens became its first organizers and directors.

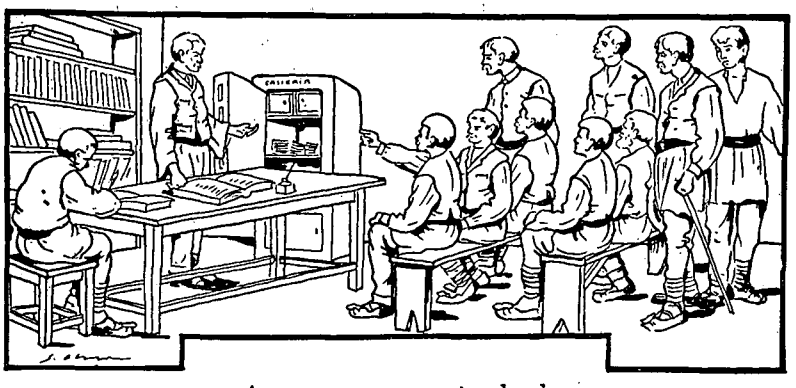
In choosing the name credit union, and insisting upon it, I was seeking also to undermine some prevailing prejudices. "Union" at that time was about as acceptable a word in the ears of American business men as is, say, "Bolshevik" today. I wanted to make it acceptable. I wanted employers to become interested in the constructive potentialities of unionism; and to thousands of employers today, the word "union" has taken on a very different meaning. The early labor unions, concededly, were built upon class prejudice, but so was the early opposition to unionism. What was needed, I felt, was not a class war, but an enlistment of the human passions which were then expressing themselves in class war for a war against the forces which were tearing society apart.

IT was in 1909 that we organized the first credit union in Massachusetts. It was necessary at the start to get a law through the legislature to permit such organizations and bring them under the supervision of the state banking department. That, needless to say, required a lot of work. But after the job was done and the law was passed, the masses were in much the same position as they had been before. They did not start banking automatically. They did not know how. They did not even know that they had a right to do so, and the legislature had appropriated no funds for promoting the credit-union idea. So we organized the Massachusetts Credit Union League, out of which has grown the Credit Union National Extension Bureau.

The League did good work, but its progress was at the same time highly gratifying and discouragingly slow. Where credit unions were organized the results were all that could have been expected, sometimes more, and members were uniformly enthusiastic and devoted. Nevertheless, the idea did not sweep the country. It was, in fact, difficult to sell it. By 1915, some sixty-four credit unions had been organized with assets estimated at $500,000; but the laws of only four states per-

(*Continued on p. 176*)

From the magazine of the Roumanian credit unions



A peasant cooperative bank

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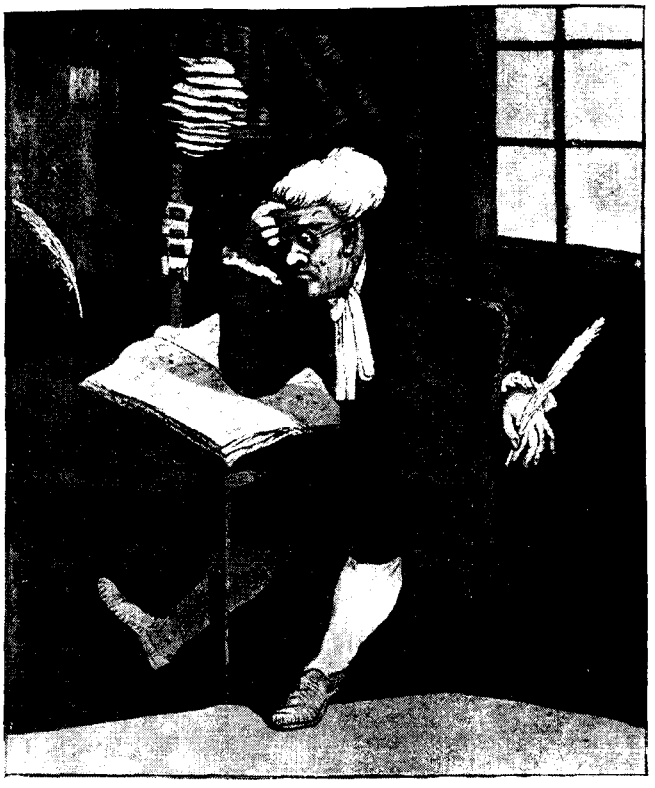
UPS AND DOWNS OF POOR RICHARD'S CREDITORS

CERTAIN PAYMENT



BAD DEBTS

BILLS—NO MONEY IN THE HOUSE

Courtesy Weyhe Gallery, New York

BILLS—PLENTY OF CASH

The more things change the more they are the same, might be the conclusion drawn from this series of entertaining eighteenth century color prints by Woodward pointing out the "comforts" of the English counting house

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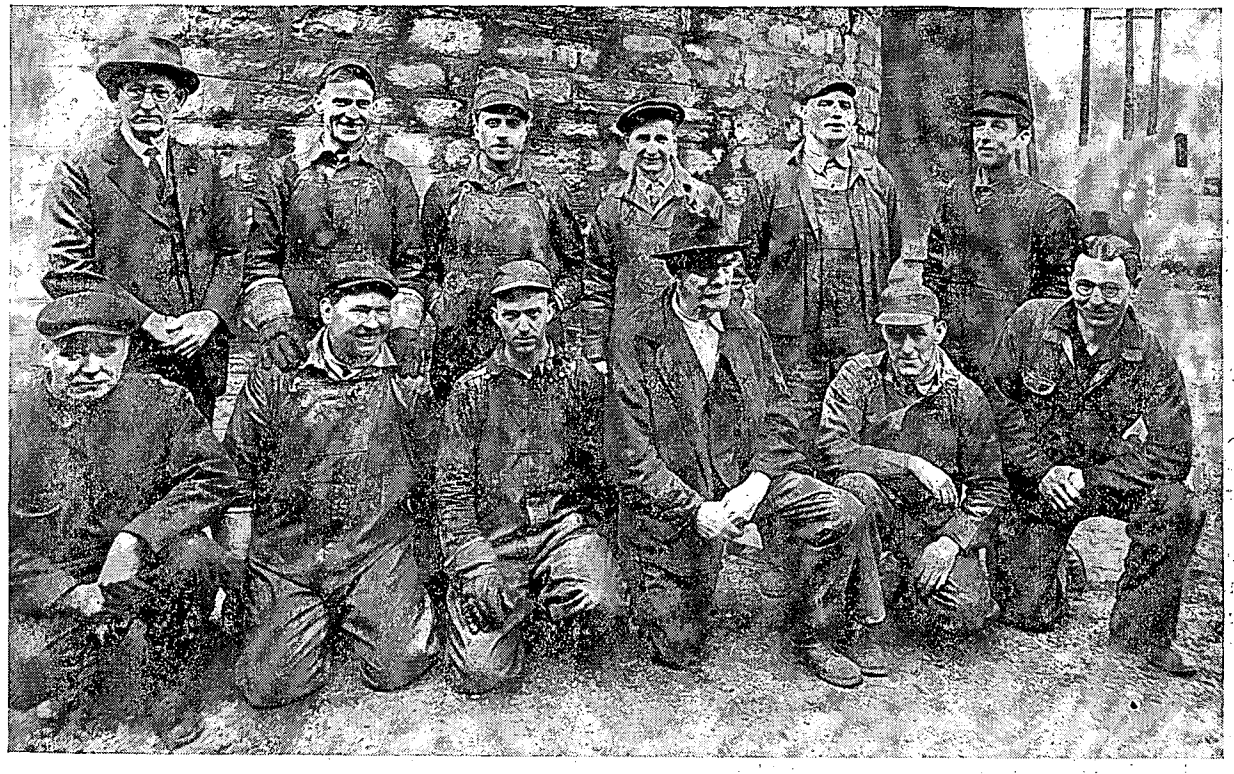

Directors of Chicago Shops (R.I.L.) Credit Union—the first on the Rock Island System. Today there are twenty-nine Rock Island credit unions scattered over six states with over four thousand members

Riding the Credit-Union Circuit

By ROY F. BERGENGREN

For ten years the executive secretary of the Credit-Union National Extension Bureau has been riding the circuit. Or as he puts it, his work "takes him into the highways and byways, up hill and down dale, talking credit unions in engine repair shops and rural hamlets, in churches and synagogues, in smoke-laden Legion halls, before chambers of commerce, Rotary clubs, legislatures," and now, as years ago, in and out of the pages of The Survey.

HUSH falls on the almost empty benches.

The State Senate is about to convene—with benefit of clergy.

The gavel falls.

The few members present stand. The venerable chaplain invokes the aid of the Almighty on the deliberations about to commence.

He prays for the State.

He prays for the Nation—not overlooking the President.

He prays for the Legislature.

He has been praying that prayer, lo, these many years.

The State Senate is in official session.

I sink back into my gallery seat and wonder whether or not certain business, which has absorbed two thirds of the session already, will be this day completed, leaving enough time for the credit-union bill and a thousand or so other pending measures to be heard. We have been forty days, so far, trying to decide by statute whether or not Darwin was right. In a democracy the power vests, as it should, in the people. Why shouldn't we, therefore, decide officially and legally and constitutionally and in every other binding way known to men, that we are not descended from monkeys, if we want to? I have no complaint to offer, but those of us who have been hovering around those forty legislative days are beginning to side with Darwin!

We, the people of the United States, are many nations—forty-eight to be exact—each nation independent, with its own parliament, meeting ever so much too often to pass laws. I would not want to be a legislator. There are far too many folks coming to him with very dull axes which he is supposed to grind. For one, as "Man Friday" of the credit-union movement, my errands have taken me to fifty-odd legislative sessions in the last ten years.

Credit-union laws must, from their very nature, be enacted without ulterior motive. The fact that during the past nine years twenty-four general state enactments have been passed in as many states and four or five other credit-union laws have been brought into conformity with good practice by progressive amendments, is both a tribute and an answer; a tribute to the quality of legislatures which have taken an affirmative interest in the credit union as a disinterested public service, and an answer to the misinformed critic who so often, thoughtlessly or ignorantly, maintains that they operate primarily as they are swayed this way or that by selfish motives.

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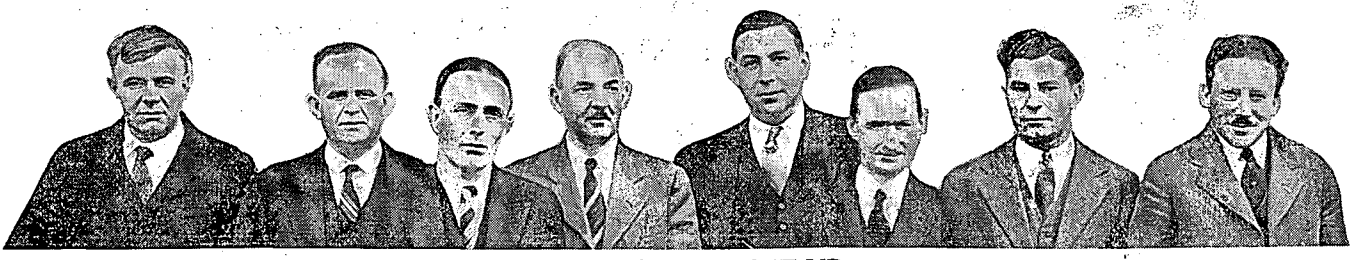


AN INDUSTRIAL SET-UP

Directors of the Credit Union at the Harrison, N. J., plant of the Worthington Pump and Machinery Corporation

For there is, of course, opposition to our credit-union program, and much of my circuit riding has to do with overcoming it. Credit unions interrupt a lucrative business. Usury has been a major industry almost ever since there was money. Tacitus wrote of it in uncomplimentary terms and the Bible finds no virtue in the usurer. Furthermore the credit union is relatively a new device—and the way of the pioneer has never been a bed of roses.

IF I were to call you a *"plagiostomus selachian,* having lateral gill openings," you'd resent it. "Them sounds like fightin' words!" That's what my dictionary-maker calls a "shark"—the plain or garden variety. When he came to define "loan shark" his words gave out, particularly the dirty ones, and his imagination went dead on him. Take, for example, Johnny White who works regularly for a railroad in Chicago; he borrowed $30 from a *plagiostomus,* paid back $1080 in interest in less than four years, and was then sued for the $30. That sounds like a lie but is the gospel truth!

I thought Johnny's case was the extreme limit of modern face-grinding until a grammar school principal came into my office from a city not very far from Boston. He deposited a roll of receipts which, if devoted to that altogether unpleasant purpose, would have choked a horse.

"I've been making payments on a loan," he told me.

"I'm glad to note that you have it all paid up," I told him.

"I've paid nothing on it yet," he came back at me. "That's all interest."

We personally conducted the receipts through the adding machine. His payments of interest totalled fourteen times the principal sum.

Now you know what usury is.

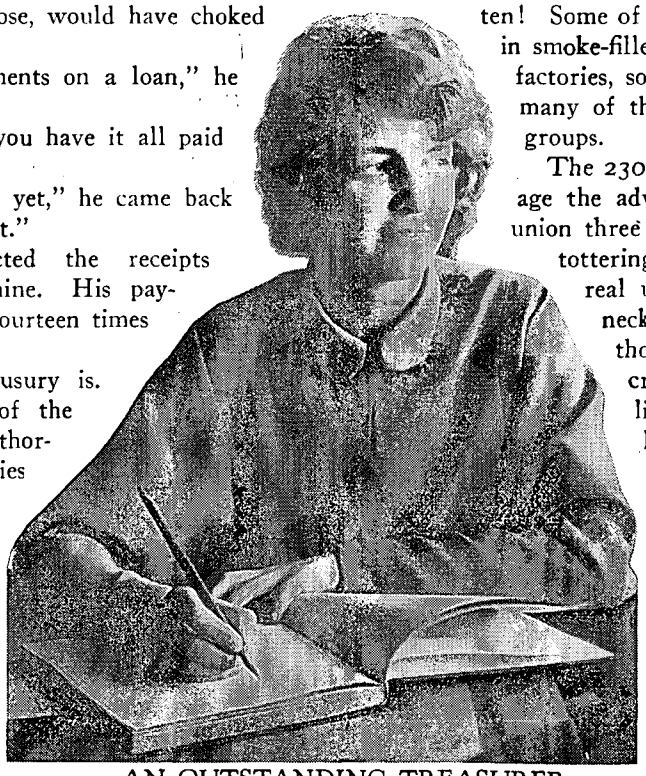
It's so bad that half of the states have enacted laws authorizing the lender who complies therewith to charge a maximum rate on small loans which varies from thirty-six to forty-two per cent! Incidentally, they are good laws in that they partially relieve the distress of the small borrower who would otherwise go to a loan shark, the unlicensed lender or *genus plagiostomus,* who charges whatever the traffic will bear so long as it bears plenty.

As Cicero, I think it was, remarked, *"O tempora! O mores!*—Oh, what a time and, double oh, what a state of affairs.

The credit union, however, cuts to the heart of the problem with its principle of cooperation. It is a union of folks for credit; a sort of bank, organized within a group of people, limited in its operation to the members of that group; self-managed, functioning under the supervision of some state department (generally the department of banks), and supplying its members with an excellent system for saving money, and enabling them thereby to take care of their own short-term credit problems at legitimate rates of interest, the earnings reverting to the members as dividends on their savings.

In connection with credit-union organization it has been my good fortune to meet all sorts of folks in all sorts of places and to find this a pretty good world. I have had to do, directly and indirectly, with the organization of over a thousand credit unions, and their variety is so great that we recently listed sixty-seven, no two of which were alike as regards type of organization, thereby seeing the fifty-seven varieties of the eminent pickle maker and raising him ten! Some of our credit unions have been organized in smoke-filled lodge rooms, some in lofts of great factories, some in stores, and some in synagogues; many of them in factories and in church parish groups.

The 230 credit unions of postal employes average the advanced age of three years. A credit union three years old is like any baby that age—tottering about from chair to chair, with no real understanding as yet either above the neck or below the knees. Yet over forty thousand postal employes already have credit union membership, with two million dollars saved up. Already they have been able to make nearly a hundred thousand loans, aggregating more than eleven million dollars—with their own money, and, what is vastly more important and significant, under their own management. That's a bit of business the loan sharks didn't get! But to get the picture you must translate those dollars into babies eased into the world and operations paid for and funerals financed and new homes and education and evicted loan sharks and the nearly hundred thousand other pur-



AN OUTSTANDING TREASURER

Ceil Tomas, of the Montgomery Ward & Co. Employes' Credit Union at St. Paul, Minnesota

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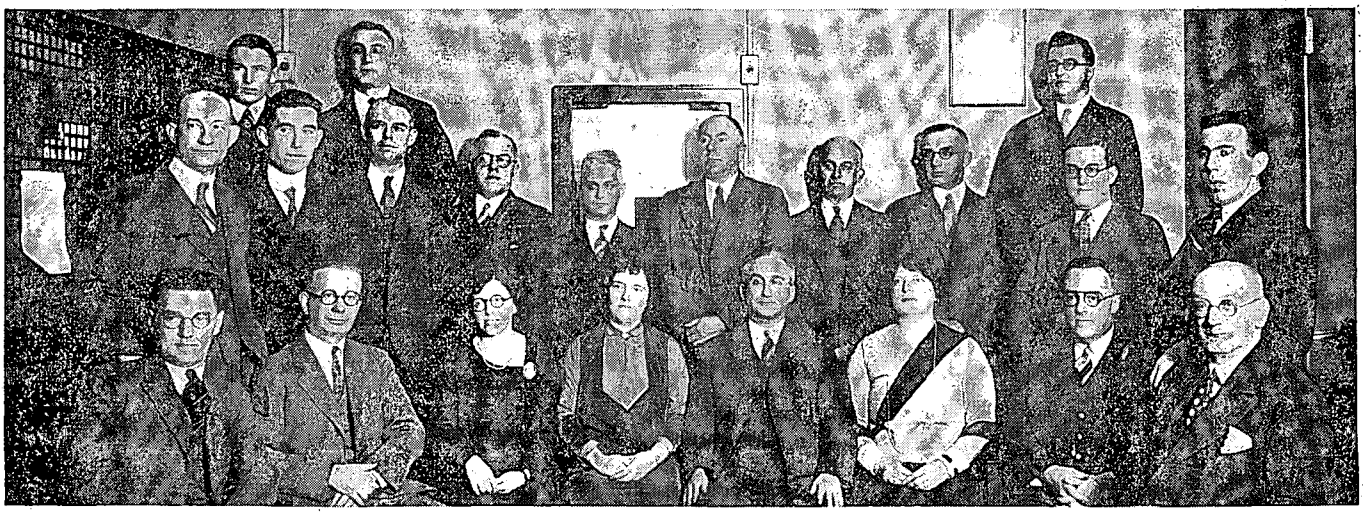


CREDIT UNIONS ARE SPREADING IN THE PUBLIC SERVICE FIELD

The directors of the Telephone Workers' Credit Union of Boston, one of the largest of such organizations in the world

poses for which the loans were made to their members.

I remember one credit-union meeting in a Kentucky post office. From the front steps you could see across the street a great yellow and red sign painted on a brick wall. It advertised the business of a local small-loans company—just where every employe every time he went into or came out of the post office, had to see it whether he would or not.

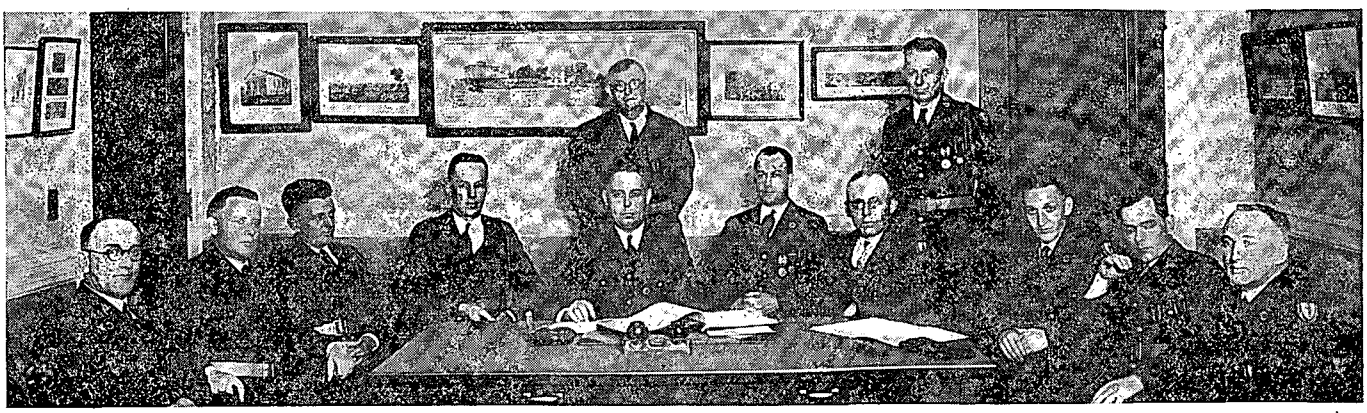
The meeting didn't go any too well; possibly I was a bit tired. I know just how sick the balladist felt when he first crooned that old familiar line, "All up and down the whole creation, sadly I roam." I wondered whether or not anyone got what I was driving at. When I stopped for the usual questions, a stubby little fellow, in quite the most battered uniform I ever saw on a letter carrier, piped up from the corner. He had just come in off his route and looked as weary as I felt. "I knows what y' tryin' to do," he said, "you're tryin' to fade that rotten sign for us."

He had it.

I remember another postal meeting—this time in a New England town. There was a long-legged civil servant who grinned throughout the entire meeting like a Cheshire cat. I thought there must be something wrong with my make-up. Afterward I cornered him and asked him just why he was getting such a private kick out of what I'd had to say. "I'll tell you, mister," he informed me, "you've been describing the very thing I've wanted to do all my life and I never knew what it was before." That man is now one of our ablest credit-union managers and also a director of the Massachusetts Credit Union League.

WE'RE lots better than we give each other credit for being, and we've all sorts of hidden capabilities craving the opportunity for expression. In credit unions successful managers get made out of folks who never before had anything to manage! Well do I remember a night when I was called out to a small hall not very far away from Boston, which was the meeting place of a racial neighborhood club. Their wives and grown-up daughters got the notion they could operate a credit union. Just how our State Banking Department came to grant them a charter was something of a mystery. So far as I could ever find out they planned to separate their husbands from the money in various ingenious ways, expecting probably, in time of greatest emergency, to extract share payments by the time-honored method which involves making free with father's trousers when the logic of the sunset has driven him to slumber.

Now the business of organizing a credit union is a bit tricky, and when these women folks tried it they got involved and I went out. Of the eighteen present, two could talk good English. The meeting was conducted in Yiddish and I had in an interpreter who made such a bad fist of it that I longed for the device so recently tried out in Geneva which



AMERICAN LEGION POSTS FORM A NATURAL NUCLEUS

Directors of the East Lynn Post Credit Union—the first of the Legion groups to be organized

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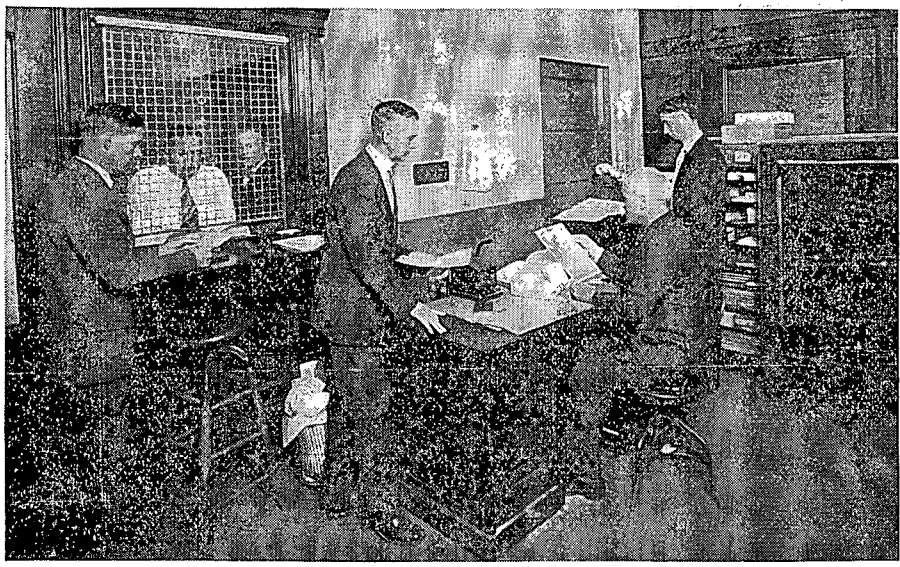

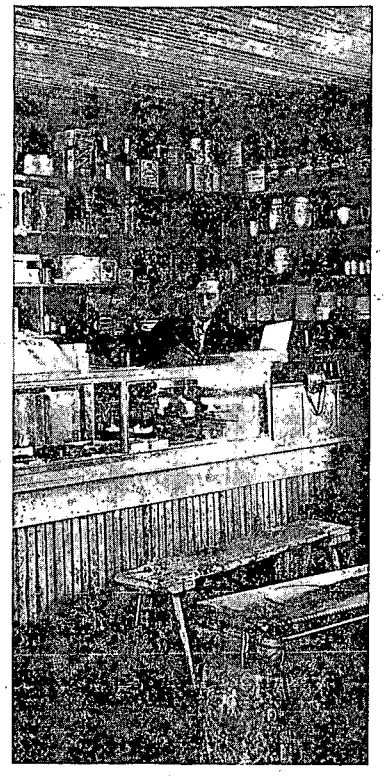

TWO CREDIT-UNION HEADQUARTERS

The very modern office of the credit union at Richmond, Va., which serves the employes of the Chesapeake and Ohio Railroad there

(At the right) Treasurer Fred O. Scroggs of the Brasstown Credit Union behind his grocer's counter

enables a Frenchman to understand an Italian who is making a speech in Chinese by the simple device of adjusting some ear phones. I decided to make the tallest English-speaking lady president; the other, treasurer. No one present had ever kept a book, which simplified matters. It took two evenings. I pounded the table when words failed me and before long I discovered that cussing is Esperanto. The ladies all understood it.

Two years later this credit union had assets of approximately five thousand dollars and did a business of nearly twice that. The examiner for the State Banking Department complained to me bitterly because, when called upon to examine the credit-union books in Clara's kitchen, he was not sufficiently cosmopolitan to appreciate what she was cooking and her kids insisted on sitting in his lap and spilling the ink.

IT'S quite a long reach from such a little credit union to the Emporium Employes' Credit Union of San Francisco to which six hundred employes of that great department store belong and through which, in the first four months, they saved over $22,000.

"The credit union in this factory ain't no bank—it's a religion!" That's what a young man said to me who had contracted debts with five loan sharks aggregating $3200. He had borrowed in a hard battle to save the life of an only son—a battle which involved three major operations, hospital bills, nurses, and finally the funeral. "I was just going to bump myself off," he told me as we chatted in an obscure corner of the shipping room, "when Joe got wise to my condition some way." Joe is the credit-union treasurer in that factory. He brought such pressure to bear on the loan sharks that they agreed to settle the entire debt for eight hundred dollars cash, which amount the credit union loaned the bereaved father, on a note endorsed by thirty-nine of his fellow employes, all who could crowd their signatures onto the back of the note.

If you've lost faith in people—*join a credit union!*

But if you are too violently an optimist *try to organize one!* I tried to in a large textile mill about a year ago but couldn't. The company told me they were "about to launch a plan for employe stock participation which will take all the time of our personnel force and will make virtual partners of our employes and practically do away with the necessity for the credit union." The stock was sold to the employes at 90 and it is now 27.

In another very much closed corporation down South, a very fine man who owns and operates it liked the credit-union idea, but "we have something much better." I asked him to explain and this is about what he said: "We encourage our employes to save by payroll deduction and at the end of the year we make them a gift, a sort of good will offering, of 5 per cent on their savings. It costs us some money, but I tell you we get it back in good will; yes sir, in good will and improved morale."

Being a catty sort of person, I asked how business had been the previous year (that being before the current industrial recession). He assured me "in strict confidence, sir, we had a fine year—we netted. . . ." (The strict confidence prevents the net from being a part of the story.) I then asked him how much his employes had saved. It was about $58,000. Next—most diabolical and unfair question—I asked him what became of this money, and he said, "We put it with our other funds!" I don't know to this minute whether he was kidding me or kidding himself about the 5 per cent gift.

We run into quite a bit of that sort of philanthropy. I know of one very large plant where everyone wants a credit union except the personnel director who has some money in an industrial bank which gets some of the loan business of the employes of that particular company, since often we can trace opposition to organization back to the boss himself who, under some benevolent name or other, is up the street a private money lender and making lots of money out of his employes' small loans.

Then there is the plant which is a subsidiary of a subsidiary of a subsidiary of a holding company and, by the time you find someone who can say "yes" the folks back home, where the inquiry started, have all died. In recent years we have

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encountered mass-production plants—where a man is a number and a motion. He tries to do, as perfectly as human can, the motions which no machine has yet been perfected to do; as soon as the machine is ready, he will be job-hunting. The labor turnover in these plants often prevents credit-union organization.

In spite of the long hours I have spent cooling my heels in outer offices, and despite the bepuzzlement so often incidental to finding a successful business man whose range of vision is so completely limited by his glue pots and his golf bag, I can testify, as something of an expert, that business ethics improve and that the gap between capital and labor grows intelligently narrower. For each and every one of such cases as I have mentioned, there are hundreds of business enterprises conducted as well as folks in our present state of evolutionary development can conduct anything; where employes and employers alike see the advantages of credit-union organization.

But we do not have to do altogether with industrial credit unions. I remember an early rural experiment which didn't work out well, at Monteagle, a small settlement on a plateau high up in the Tennessee mountains. I was let off at a siding at night. It was snowing. There was a single light, the feeble rays of a lantern in the hands of a farmer who had come to take me to the little country schoolhouse where the meeting was held. There were many stories crowded into that experience.

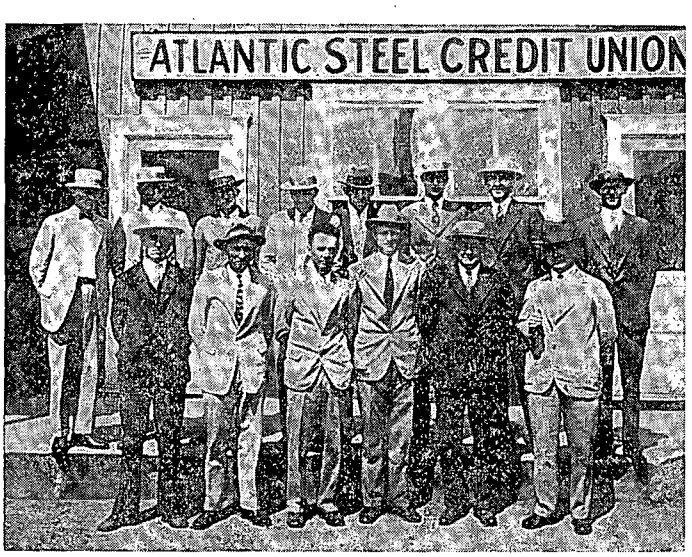
Possibly it were better to speak of the successful credit union at Brasstown, North Carolina, where folks come to get their mail on horseback from the neighboring hills, and the post office is a rough, slab shack which you identify as such by the home-made sign on the outside. At Brasstown the John C. Campbell Folk School is carrying on one of the most important and significant educational experiments in the United States. John C. Campbell gave splendid years to the service of the Southern Highlanders, and the school is a practical manifestation of his purposes, organized and developed since his death by Mrs. Campbell and her associates.

The credit union is ably managed by Fred Scroggs, the Brasstown storekeeper. It has eighty-five members with assets of $2017 at the last writing. Of this amount $1856 was out on loans. Incidentally, the largest stockholder is a young man who borrowed to buy a cow and paid for it with milk checks. The members are typical mountain folk. As a more or less logical outgrowth have come other cooperative enterprises, a creamery, farmers' association, and so forth. The fact that the credit union has contributed so substantially and visibly to these undertakings, now of demonstrated worth to the folks in Brasstown, accounts in part measure for their enthusiasm for it. And the fact that they are working out their own economic salvation through the various activities which have been developed by the school, is proof positive again of latent capabilities awaiting opportunity for expression. United, farmers can do all sorts of things for their common good; sheer force of economic necessity will bring them to an understanding of that fact sooner or later.

When it comes to city folk I know something about their inclination to organize for I have made so many speeches before so many luncheon clubs and so many chambers of commerce that I know the "Hail—Toledo" song of every city and most of the towns of the United States. I could give you a pep talk on the advantages of almost every municipal unit in America—for I've (*Continued on page* 176)

CITY AND COUNTRY

Members of the Brasstown Savings and Loan Association banked before the North Carolina country store. One of the most significant rural experiments in credit unionism (Below) Directors of the Atlantic Steel Credit Union at Atlanta, Ga.



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LIFE PROSPERS THE THRIFTY

Panels by Eugene Lux from the headquarters building in Chicago of the Trustees System Service

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LIFE PUNISHES THE THRIFTLESS

Decorations throughout the new building portray stages in the history of industrial banking

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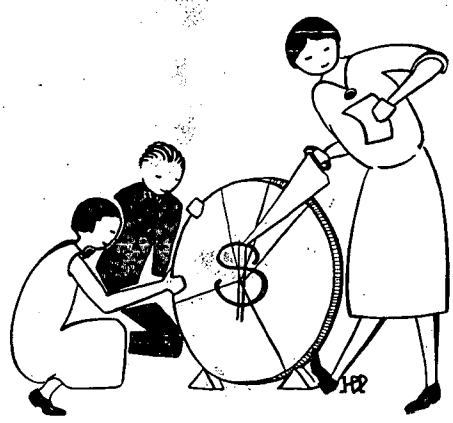
The Jones Family, Inc.

By ROLF NUGENT

Drawings by Helen B. Phelps



THE Jones Family is a business institution. Its business is not selling groceries, hardware, or gasoline; nor is it the manufacture of steel girders or ladies' hats. It is in business to maintain the services which Robert Jones, electrical worker, sells to a large public-service company and which Mary Jones, sales woman, his daughter, sells to a local department store, and to produce, from the income derived from the sale of these services, the greatest possible happiness to the Jones Family.

But the Jones Family has always done that and Robert Jones and Mary Jones have always been classified as employes. What has happened then to make the Jones Family different from the Jones families of previous generations? What has made it a business institution?

The change must be attributed to what we call consumer credit for want of a better name to distinguish it from producer credit. Consumer credit itself is not new. Its effect on the Jones Family of today is not because of its existence but because of the degree of its development.

As a result of its credit capacity, the Jones Family has taken on other characteristics of a business. Given the privilege of expanding its credit almost at will, a financial self-discipline similar to that exercised by the controllers of business corporations, has become necessary. Budgeting, the maintenance of reserves against contingencies, so desirable before, have become vital needs to those who have utilized their new credit privileges. And finally, those who have not succeeded in the business of running a family have found it necessary, like other businesses which have failed, to secure relief in the bankruptcy courts.

Consumer credit has been condemned or praised largely from the point of view of those who stand to gain or lose by it. Economists, at first, were well divided as to its merits. Later the balance of opinion favored it from the purely pragmatic standpoint that it worked. As long as the consumer could buy more goods, industry could increase its production, producing more cheaply as it increased its volume and perfected its mass technique. One prominent economist has suggested that the decreased cost of manufactured articles resulting from increased production has more than offset the cost of credit to the consumer. At least stockholders have profited, and wages have been maintained at levels heretofore inconceivable.

If any criticism can be made of the investigations of consumer credit that have been made thus far, it is that its effect on the Jones Family has been practically ignored. Many consoling figures have been presented showing that the national balance sheet, despite consumer credit, has continued to show an increase in assets. Building-and-loan shareholdings are still rapidly on the increase. Savings-bank deposits, with the exception of the past year, have increased regularly and apparently last year's decrease will be more than overcome this year. Security holdings, particularly of common stocks, have increased tremendously in the extent of distribution.

But, like increased commercial bank deposits, these factors are merely concomitants of credit expansion. Loans produce deposits and more deposits produce more loans. For every additional dollar invested in building-and-loan shares, there has been an additional dollar borrowed against real estate. Insurance sales have continued to increase, but loans against cash-surrender values of insurance policies have reached a new all-time peak.

The national balance sheet is useless for measuring the effect of consumer-credit on the Jones Family. Aggregate measurements hide the extremes and permit only a misleading picture of the average. Individual case work is necessary to accurate judgment. Let us make an inquiry into the Jones Family's balance sheet and compare it with that of another business corporation. (See page 146.)

The reason for presenting these two balance sheets in such detail is that each is a statement not only of condition but of policy. Obviously, the Jones Family is solvent. If we had space to present its income statement, it would also show that it is meeting its bills and making some, if very slight, progress toward capital accumulation. Even though the depreciation on goods bought on the instalment plan is almost as high as the payments made toward their purchase, this method of purchase is constantly adding something out of income to the net worth of the family. And in the meantime, the Jones Family is enjoying an automobile and a radio now under purchase and a vacuum cleaner and washing machine, payments for which have been completed. These facilities have produced a higher standard

Consumer-credit has made the average American family a financial as well as a social unit. It has given it a borrowing capacity based not on the real estate, securities, or jewelry that it owns, but on the going value of the family itself—on its present and future ability to produce an income and to meet its obligations. Producer-credit has long been extended on this basis. The bonds of the Pennsylvania Railroad Company while secured by a mortgage on the property of the company, would have little value if the company consistently failed to earn its interest. The assets pledged have value only as part of a going concern. The Jones family, as Mr. Nugent shows, is a going concern.

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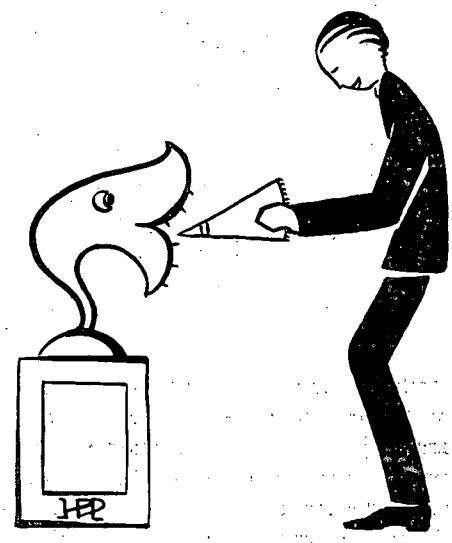
of living than the previous generation of Joneses in the same economic stratum of society could have dreamed of. Mrs. Jones, because of these conveniences, has ceased to be a drudge. She has time for pleasure and for leisure.

On the other hand, the margin of safety in the balance sheet of the Jones Family is very slight. One month's loss of income would use up the cash reserves available. A severe illness in the family or even that very common emergency, childbirth, could wipe out the cash and the small stock-holdings as well. These gone, the equity in the radio and car is immediately at risk because the seller has the right of repossession in case of default. Suppose this or a similar catastrophe should happen. Failing to receive regular payments due on the mortgage, the building-and-loan association would be forced to foreclose and sell at forced sale. Even though the Jones Family is apparently a sound, going concern, several sets of circumstances not uncommon could put it on the rocks.

THE reason that our Jones Family has not been "sold out" is not because such emergencies have not occurred, but because the Jones Family has another resort in case of trouble—and that resort is to cash loans. Nationally, the volume of cash loans has moved up regularly with the increasing volume of mercantile consumer-credit and is more than half of the huge sum of four billion dollars that is owed on instalment sales contracts. Analyses of the purchase of loans from consumer-loan agencies show that more than one half of these loans are made "to consolidate debts." So, apparently, a very considerable proportion of American families' obligations have had to be refinanced.

Consumer cash loans are for the most part an American phenomenon. Central and Western Europe have developed widespread social insurance to protect the family against emergencies. Eastern Europe solves the problem perhaps just as effectively, if less formally, by the responsibility of the family (in its broadest sense) for the emergencies of one of its units. But in individualistic America, cash loans are the usual alternative to organized charity when emergencies arise.

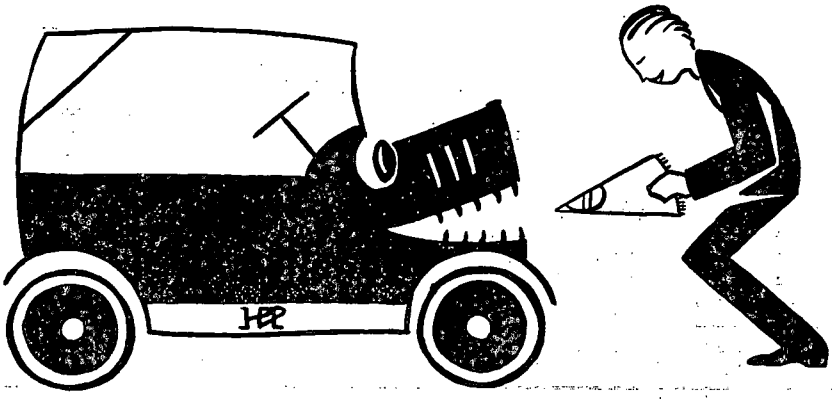
Provided that cash-loan facilities are available, why should the Jones Family maintain a cash reserve? Why not meet every emergency by borrowing? Some families follow this policy, but it is a bad one in the long run. In the first place, consumer loans are necessarily expensive. The value of a cash reserve against emergencies must be measured not only in terms of the income it yields, but also in terms of the saving it effects by avoiding emergency borrowing. Over a period of years, such an anchor to windward may save 10 to 20 per cent a year of its face value where reasonably priced loan facilities are available. It may save 100's of per cent of its face value where only loan sharks can be turned to for cash loans. In the second place, borrowing weakens the family's ability to meet further emergencies because it creates additional expense items of interest and principal payments. The roulette wheel of family fortunes all too often stops at double zero twice in succession.



The Jones Family has two income producers as many of our American families have. Suppose Mary Jones gets married. The family immediately has a very delicate budget adjustment to make necessitating a downward revision of expenses without which its household operations would immediately go in the red. The one big advantage which the Jones Family has is that Robert Jones has regular employment. If the income producers were employed in the building trades, for example, the additional hazard of periodic unemployment would immediately be present and the cash reserve of the family would be in no way sufficient.

COMPARE, on the other hand, the various protections to the cash position of the X Corporation which has learned, through years of business ups and downs, to provide against all sorts of exigencies. One hundred and eighteen million dollars is carried in cash and marketable securities against current liabilities of $49,000,000 which are practically offset by accounts receivable. The income from these funds is very small and the corporation has outstanding callable bonds on which it pays 6 per cent interest. But to call its bonds at the expense of its cash position would be suicide. Like the Jones Family, Inc., the X Corporation also has a borrowing capacity and on much more favorable terms. But the large cash reserve shows to what extent the necessity of emergency borrowing is feared and avoided. By reducing its operations, the X Corporation could carry its overhead for years without borrowing. The Jones Family has reserves for only three months' normal operation and unfortunately emergencies increase rather than decrease its operating expenses.

Mrs. Jones has proverbially been the budget director and the purchasing agent, and judging from the families whose budgets apparently balance on extremely limited incomes, the job is usually well done. Too little importance, however, has been given in public-school education programs to the necessity of training Mrs. Jones for her job, and now that she is running a business, the matter is becoming increasingly vital. Our school system is well equipped to tell her to put three eggs in a custard pie, but courses to help her find the third egg in her household budget are rarities.



The cash position of the Jones Family can no longer be recommended on the basis of

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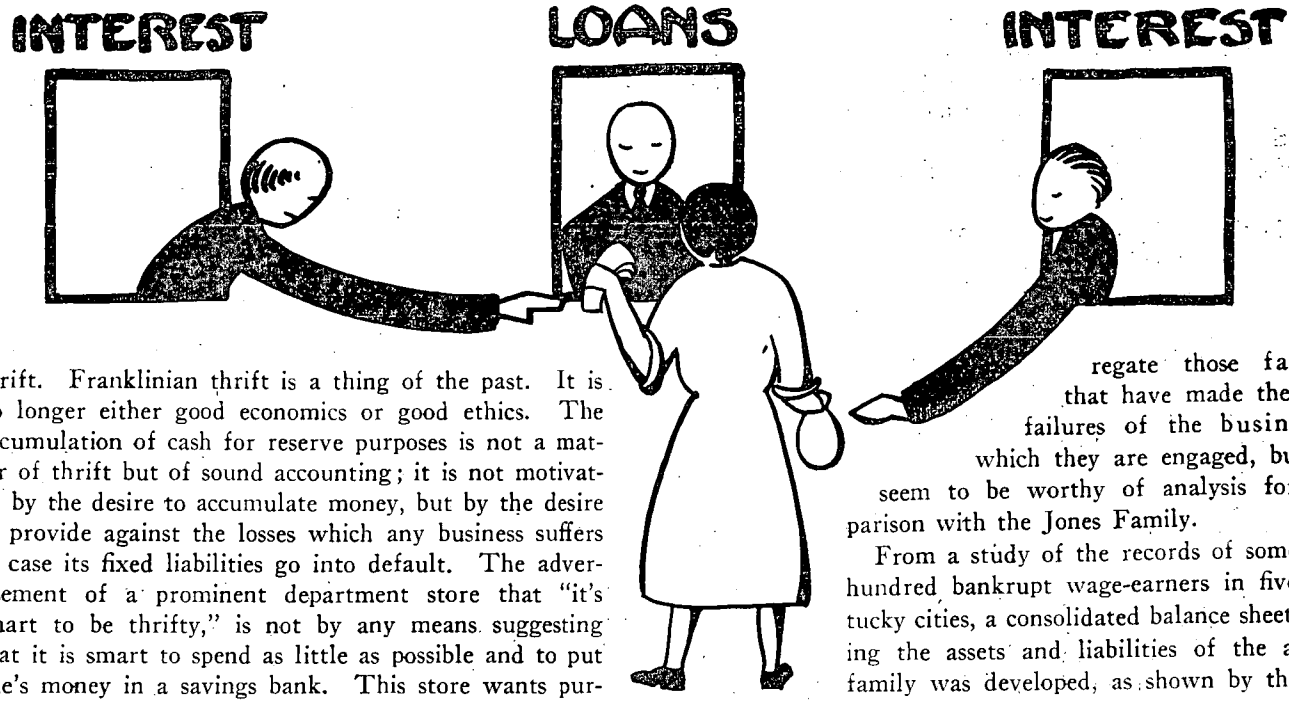

thrift. Franklinian thrift is a thing of the past. It is no longer either good economics or good ethics. The accumulation of cash for reserve purposes is not a matter of thrift but of sound accounting; it is not motivated by the desire to accumulate money, but by the desire to provide against the losses which any business suffers in case its fixed liabilities go into default. The advertisement of a prominent department store that "it's smart to be thrifty," is not by any means suggesting that it is smart to spend as little as possible and to put one's money in a savings bank. This store wants purchasers, and the slogan is designed to attract purchasers on the argument that wise spending is smart. Similarly, the key to business success of the Jones Family, is not its thrift but the wisdom of its budgeting. The Jones Family's credit expansion is only dangerous when it builds up for itself liabilities which it cannot meet when due, or when it fails to maintain the cash reserves necessary to protect these obligations against the inevitable emergencies which are bound to occur.

Our Jones Family, Inc., is well managed. On the other hand, many of these family businesses are failures. The bankruptcy records of Louisville, Kentucky, show that one out of every eighty wage-earner families in that city went through bankruptcy last year. The bankruptcy records segregate those families that have made the worst failures of the business in which they are engaged, but they seem to be worthy of analysis for comparison with the Jones Family.

From a study of the records of some three hundred bankrupt wage-earners in five Kentucky cities, a consolidated balance sheet showing the assets and liabilities of the average family was developed, as shown by the table on page 148.

Although 95 per cent of the bankrupt wage-earners listed no assets available for creditors, 32 per cent of them owned cars subject to finance-company mortgages immediately preceding or at the time of filing their petitions in bankruptcy. Only 6.6 per cent of these owned any insurance, 5 per cent owned their homes, and 12 per cent owned other real estate or securities. Undoubtedly some of these bankruptcies were due to reckless indifference to ability to pay when the debts were contracted. It is apparent, however, that the great majority were due to a lack of educational equipment for running the business of a family under present conditions, or to unforeseen emergencies which upset the normal family budget.

Two Balance Sheets

JONES FAMILY, INC.

ASSETS

House and furniture less depreciation		$6,500
Automobile less depreciation		540
Withdrawal value of insurance ($5000)		325
Investments 5 shares X Power & Light bought through payroll deductions		675
Current assets		
Pocket money		12
Savings bank		145
Accounts receivable (wages)		74
Total assets		$8,271

LIABILITIES

Net worth		$4,885
B. & L. mortgage (house)		2,900
Auto finance company		305
Radio finance company		85
Current liabilities		
Department store—1 suit, 1 dress	$65	
Grocer	22	
Butcher	7	
Doctor	12	
		106
Total liabilities		$8,271

X CORPORATION

ASSETS

Real estate and equipment less depreciation		$460,000,000
Investments in affiliates		9,000,000
Contingencies & insurance		6,000,000
Stock held for employes and trustee account		20,000,000
Reserves for bond redemption		78,000,000
Current assets		
Cash		29,000,000
U. S. government securities		66,000,000
Marketable securities		23,000,000
Accounts and notes receivable		41,000,000
Inventories		69,000,000
Total assets		$801,000,000

LIABILITIES

Preferred stock		$100,000,000
Common stock		324,000,000
Funded debt		184,000,000
Reserves		9,000,000
Surplus		135,000,000
Current liabilities		
Accounts payable	$33,000,000	
Accrued interest and dividends	16,000,000	
		49,000,000
Total liabilities		$801,000,000

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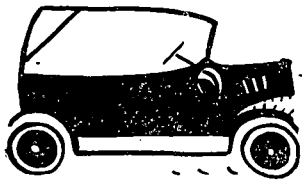
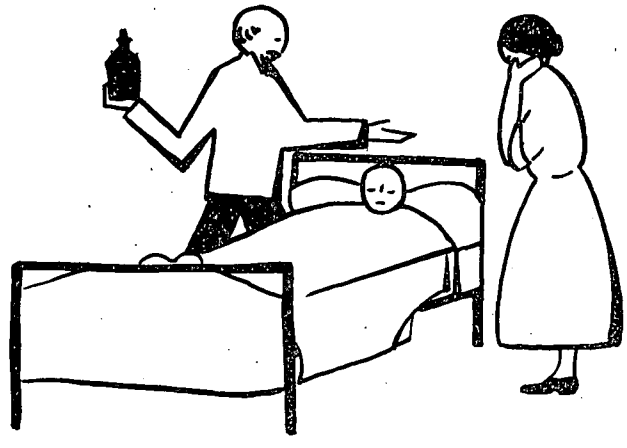
It is difficult to realize that these bankruptcy records are case histories of broken families. Behind the cold impersonal schedules of assets and liabilities are stirring stories of human desires, of human weaknesses and lack of resistance



to sales pressure, and of tremendous economic suffering.

A few items, however, give a little insight into these families. Thirty-eight per cent of the bankrupt wage-earners in Louisville listed medical and funeral expenses averaging $166 per family. In many cases the dates of these debts were several years before the filing of the petition. Loan-company accounts frequently appeared on approximately the same dates and these loans had often been renewed many times at rates of interest that averaged more than 180 per cent per year. The average wage-earner bankrupt was paying interest at that rate on $130 principal, so that $22.50 per month (almost 20 per cent of their average estimated income) was the cost of interest alone without making any payment toward principal. If these records show anything, it is the resistance which the family puts up to the idea of bankruptcy. Bankruptcy is the last resort.

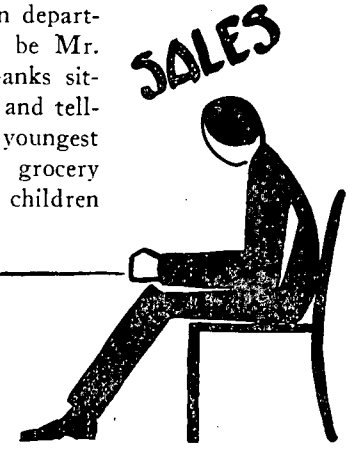


There are fifty-five loan companies in Louisville with outstanding loans of more than a million dollars charging interest rates ranging from 90 per cent to 960 per cent depending upon the size of the loan. The business of these companies has grown with other phases of consumer credit. The instalment company sells the consumer merchandise, and when sickness or over-expansion of his credit prevents his making his contract payments and the instalment company threatens to repossess the article sold or to garnishee the purchaser's salary, he goes to a loan company to borrow the amount necessary for payment. This has proved to be the procedure over and over again. The borrower finds the next month that he must not only make the payments on his instalment contracts but also a payment including a terrific interest charge on his loan. Many loan-company customers eventually squeeze their way out of these contracts. Many others show up in the bankruptcy courts or in the hands of the legal aid society or some other remedial agency.

The curve of wage-earner bankruptcies for the nation has been constantly on the increase since 1920, when the greatest expansion of consumer credit began, and has almost quadrupled itself since that time. The rate of bankruptcies for wage-earners in the state of Kentucky, however, has shot from 18 bankrupts per 100,000 wage-earners in 1921 to 320 bankrupts per 100,000 wage-earners in 1929. Among Kentucky cities, the rate of bankruptcies among wage-earner families has exceeded the rate of bankruptcies among businesses throughout the United States. In other words, the hazard of the business of running a family in one of Kentucky's five largest cities is as great as the hazard of entering the average commercial undertaking. Twenty years ago this would have been deemed impossible.

In states which have adequate loan regulation, the families who have overstepped their credit capacity or whose cash position is impaired by emergencies, have more adequate facilities for adjusting themselves through loans. The bankruptcy rates in the great majority of such states are very much lower than in states without regulation: Pennsylvania and New Jersey, for instance, where loan companies are licensed and regulated have respectively 5 and 14 bankruptcies for each 100,000 male wage-earners against Kentucky's 320.

Robert Littell recently devoted his column in The New York World to a humorous and highly enjoyable article describing the effect of personal-loan departments of banks on the family. He comments first on the number of occasions on which the bank has put a "Mr. Whosis" on the board of directors of an "ailing" corporation to whom it has loaned money. He prophesies that since the initiation of "personality loan departments" of banks, there will be Mr. Whosises representing the banks sitting in on family discussions and telling the family that their youngest daughter may marry the grocery clerk but cannot have any children



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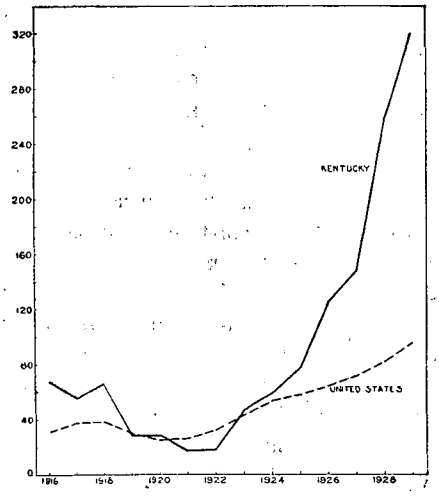
Average Balance Sheet of 266 Bankrupt Families in Five Kentucky Cities

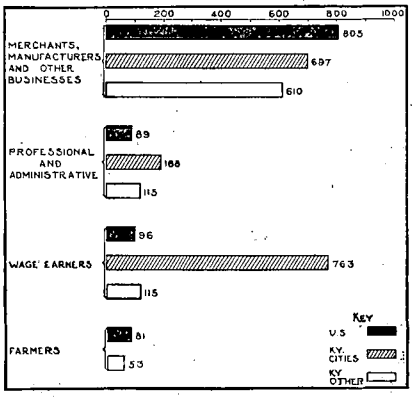
LIABILITIES			ASSETS	
Loan companies		$130	Assets beyond legal exemptions	$17
Instalment accounts				
Furniture	$82			
Clothing	28			
Jewelry	8			
Auto or accessories	20	138		
Bank personal loans				
At usual terms	44			
Repaid by instalments at higher interest rates.	53	97		
Doctors, hospitals, undertaker.		56		
Miscellaneous debts		540		
Total		$961	*Total*	$17

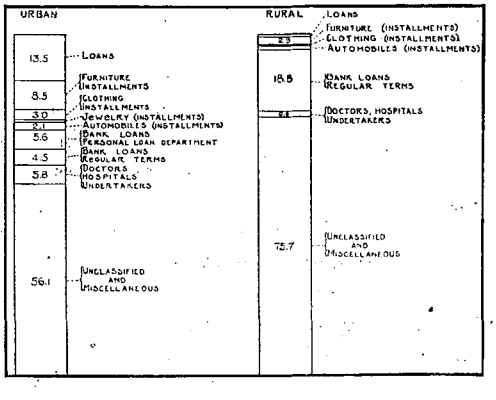
for two years. Mr. Littell's prophecy for the future is already an actuality in spirit if not in his exact terms. Many legitimate loan companies find it necessary in order to make it possible for the borrower to repay the amount they have loaned him to first review the borrower's budget and to insist on his cutting his rent, giving up his car or making other cuts in expenditures. There is going to be more of this. One business men's association in a Mid-Western city has already appointed a budget director for those families who, because of their extensive credit commitments, cannot meet the contracts to which they have obligated themselves. The family will more and more be treated by its creditors as a piece of economic machinery which must be readjusted if it fails to pay.

Business today is contracting its credit. This always occurs in business crises when ability to repay out of income appears to be in doubt. At times in the past, creditors have forced credit contraction because of money panics, but credit liquidation today is largely voluntary. In the general liquidation of credit, the Jones Family, Inc., is no exception. It is saying with every one else, "Business is bad," and refuses to make commitments against its future income until its outlook for the future is more certain. A prophet of business trends must in the future be a student of the status and psychology of the Jones Family of the extent of its credit commitments and cash reserves, and of how it thinks business is and is going to be. Business forecasters must give more attention to the condition of the twenty-five million or more family businesses on whose solvency the prosperity of large business is so dependent. In the voluntary liquidation and expansion of the Jones Family's credit lies a power to increase tremendously the swings of the business pendulum. The further the Jones Family's credit is expanded during times of prosperity, the more severe will be the effect on business of its decision to liquidate.

There is a current story of the wedding of Mrs. Murphy, a widowed mother of seven children, to Mr. O'Brien, a widower with six young O'Briens. The inevitable Pat of such stories is reputed to have remarked: "Hell! That's not a wedding, that's a merger!" If to the borrowing capacity of the family, its need of business accounting methods, and its resort to bankruptcy for relief from overwhelming debt, we add the right to merge, we have surely established the right of the Joneses to the title, The Jones Family, Inc.







KENTUCKY FAMILIES WHICH HAVE FAILED

From these graphs taken from a study of wage-earner bankruptcies in Kentucky made by the Russell Sage Foundation, it is apparent that the financial mortality of Kentucky wage-earner families is tremendous. Chart 1 compares the number of bankrupts for each 100,000 wage earners (male—ten years and over) in Kentucky and in the United States. While wage-earner bankruptcies have tripled in the United States they have increased almost twenty times since 1922 in Kentucky.

Chart 2 shows that the number of bankruptcies for each 100,000 persons (male—ten years or over) according to occupations in the United States in Kentucky's five largest cities and in rural Kentucky. The rate of wage-earner bankruptcies is much higher in the city than elsewhere in Kentucky and the hazard to solvency is greater for wage-earners than for businesses in cities.

Chart 3 shows the percentage of liabilities of wage-earner bankrupts owed to various creditor groups. The large unclassified and miscellaneous items include grocery bills, loans from friends, merchandise accounts which do not require instalment repayments, and similar items that cannot be readily recognized and classified. The loan item includes only loans from commercial loan companies. Undoubtedly the usurious rates of local companies operating in the cities has much to do with the enormous wage-earner bankruptcy rate. Apparently from this chart, consumers' credit is largely confined to urban wage-earners.

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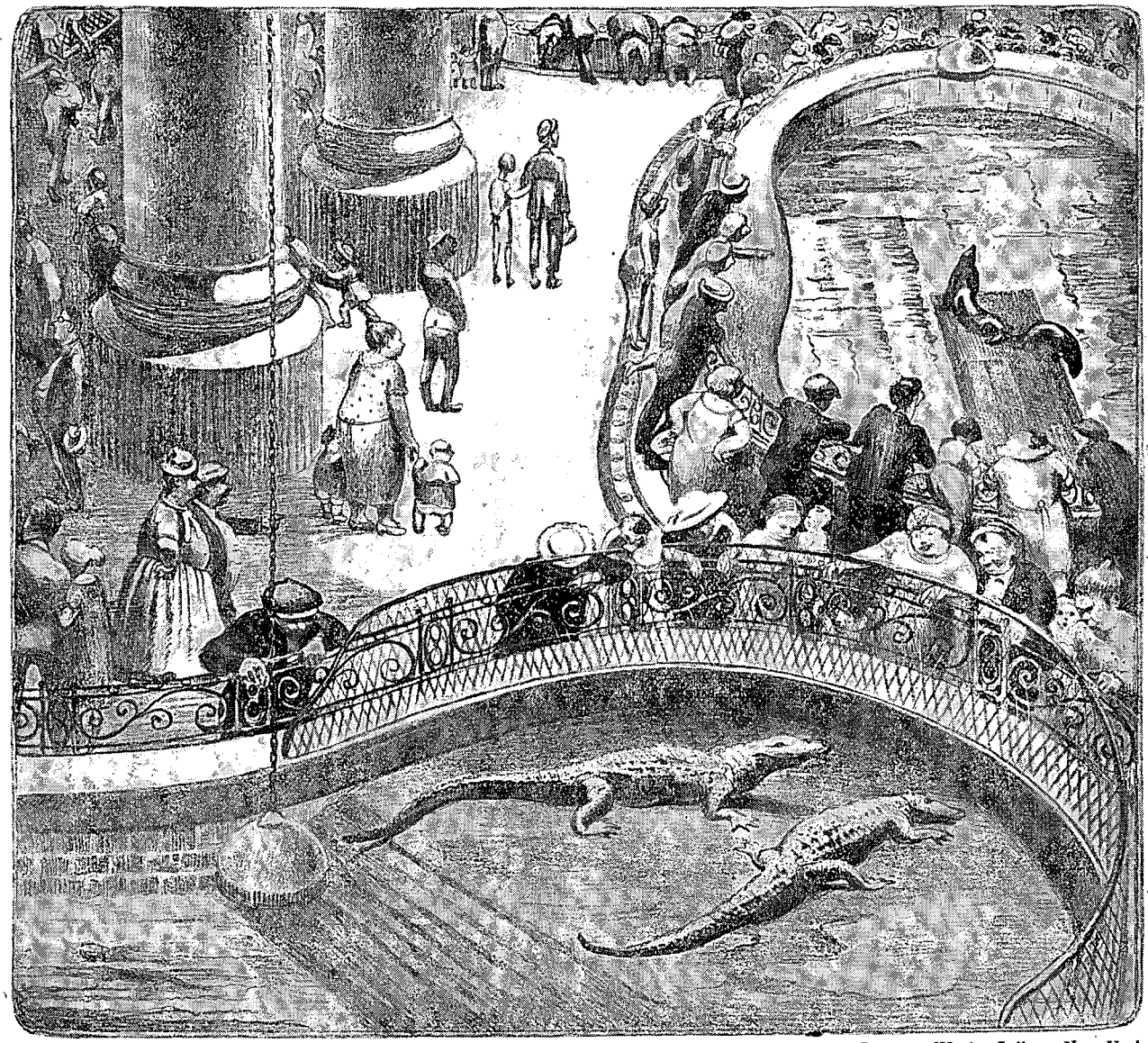

Courtesy Weyhe Gallery, New York

AQUARIUM

At the Feast of Life

Lithographs by Mabel Dwight

ALAS, life's not all bread and circuses, but in such a serious consideration of the small man's bare cupboard as this issue is concerned with, it seemed only fair to give a little attention to his care-free moments at the feast of life. When we think of mankind in a holiday mood, we immediately think of the rollicking crowds in Mabel Dwight's lithographs. Her mellow good humor seems to belong to the soft tones of her medium, just as the sharper comment of that other American woman satirist, Peggy Bacon, fits the finer line of her etchings. If there is anything grotesque in the human figure—and since few of us are bathing beauties, there usually is—Mabel Dwight spots it; yet her prints, full as they are of our absurdities, are lovable, decorative and good to live with. She sprang, Minerva-like, full-grown into being one of our best lithographers, but her work is built on years of study and travel. She is now making an occasional serious portrait. But obviously her most characteristic action is a twinkle.—F. L. K.

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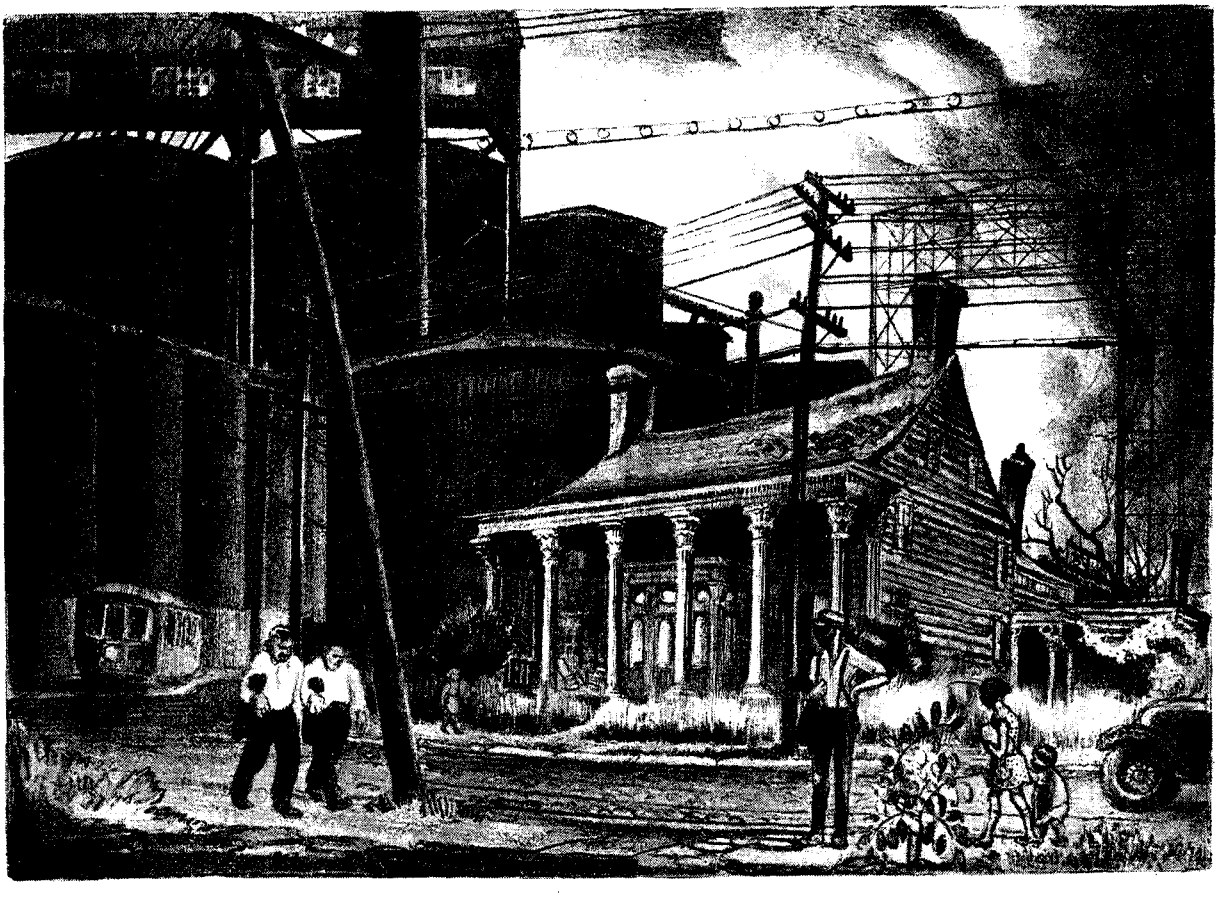

THE SURVIVOR, STATEN ISLAND

IN THE PARK

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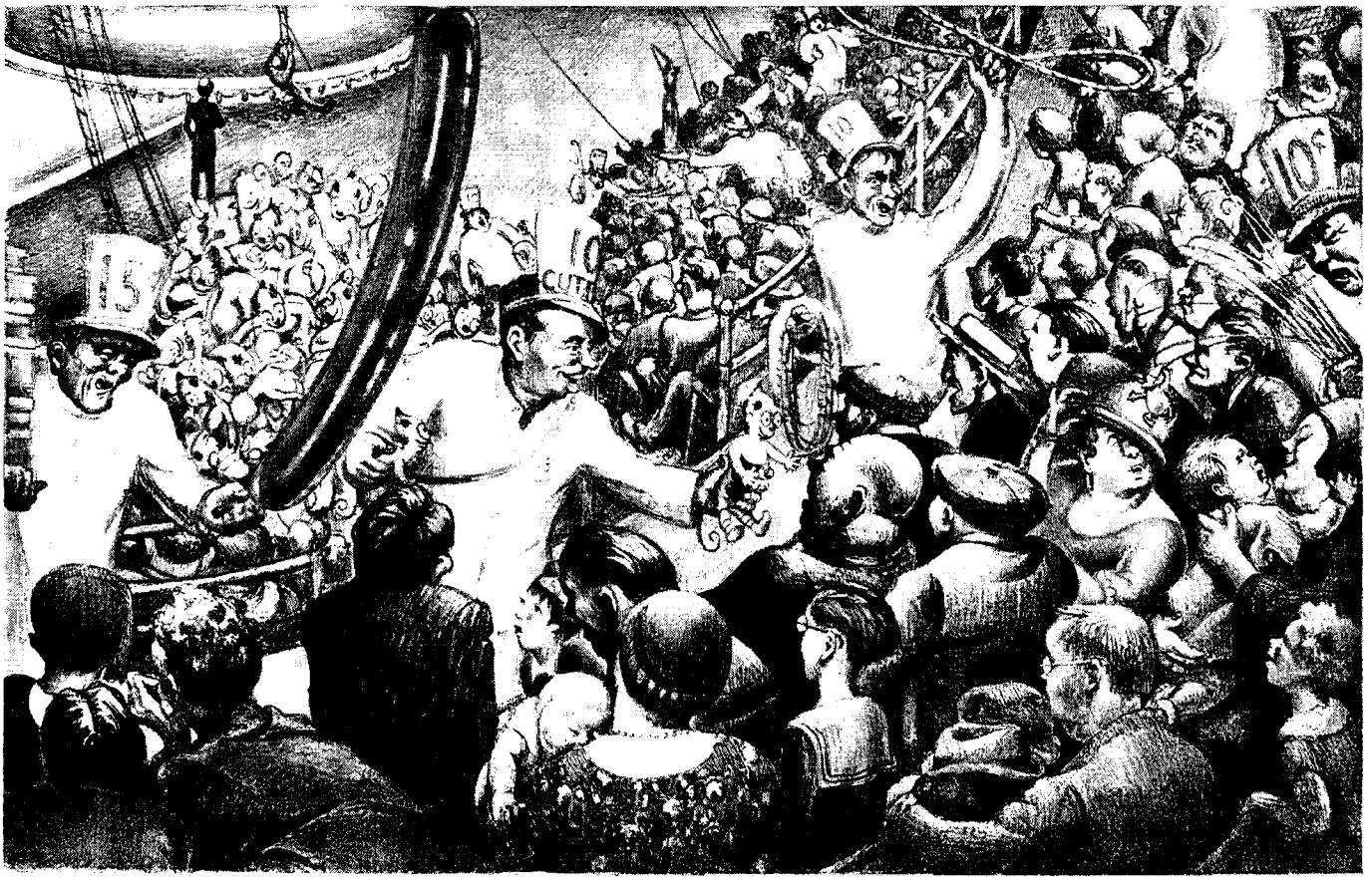
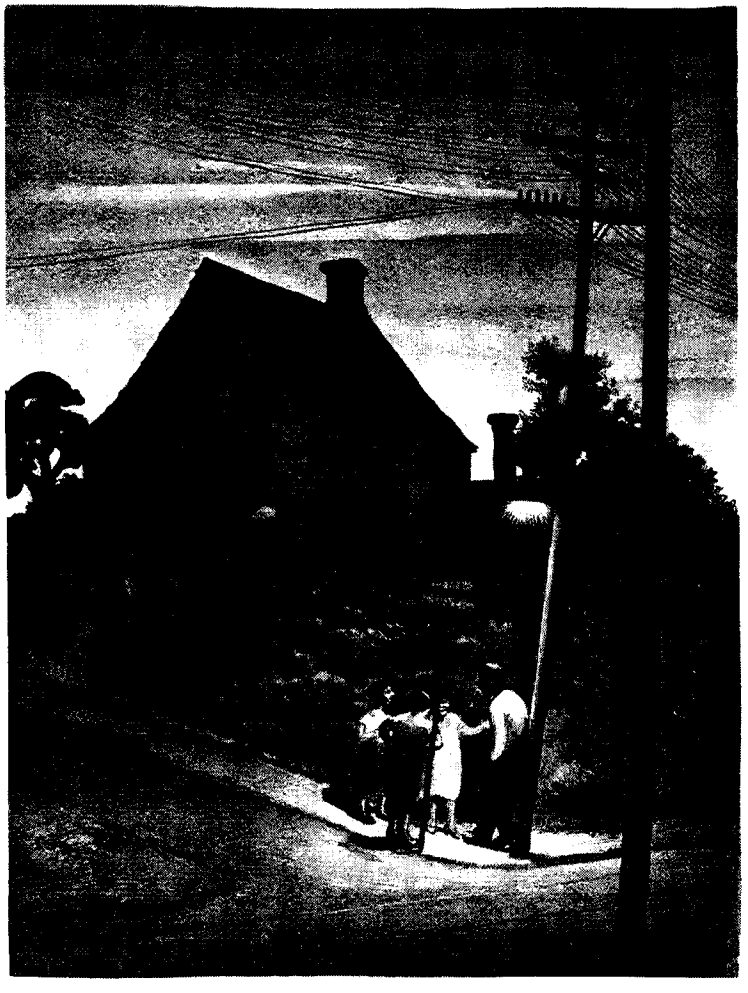


THE GREAT TRAPEZE ACT



DUSK

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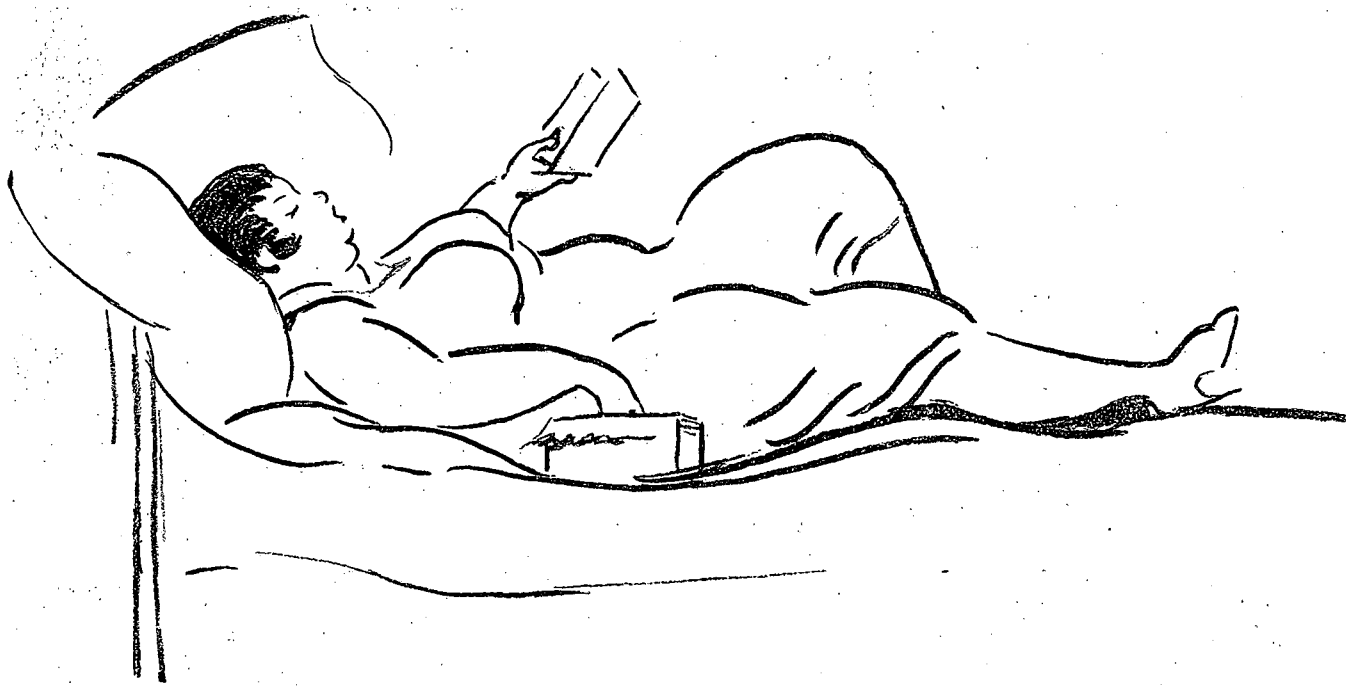

"Bust 46, hips 59, calf— . . . . A little thing like a big woman shouldn't affect marriage but—"

Reductio ad Absurdum

By MARY EDNA McCHRISTIE

Drawings by Esther Andrews

EVERY woman knows that a tape-measure is an unsympathetic thing—no soul, no understanding. Such a destroyer of self-assurance would have scaled our client off as follows: bust 46, hips 59, calf—but why worry, with modesty coming on? Gracious saleswomen glibly suggested youthful models, then blandly sold her extra-stouts. Her faithful husband resisted the stimulating effect of slender lines, discouraged imaginative detours, and suffered pain when his reckless wife ordered a nut sundae. After all, a little thing like a big woman shouldn't affect marriage but—it did—so listen in.

"May I talk with some court worker?" Our client's breath took a recess. "I mean—some woman—who—understands—men." A mental rush of applicants followed by physical inertia, much more discreet.

"I want to speak frankly," she continued.

"Please sit down," and there settled into two office chairs, one a swivel, the other a straight-back, two separate entities, one somewhat fatter than the other.

"It's this way. Hal and I were desperately in love when we first married—kisses A. M. and P. M., close dances, chummy golf, laughs, thrills."

"You were happy?"

"Perfectly." She caught her breath and tried not to cry. "Hal's a good provider—look at me if you don't believe it," and our client facetiously circumscribed her breadth. "I may be imaginative and silly, but these last few months I've missed something in our marriage—you never could guess—it sounds so foolish—but—well—my husband never makes love to me any more."

"You mean?" Social workers can't be expected to know everything.

"Oh, he caresses me once in a while, but his kisses seem so—" frowning in her attempt to find a descriptive term, "so flat—so cold—you know—like pancakes, cold pancakes, understand?"

Kisses and pancakes! Undoubtedly our client could qualify as talking delegate for half the married women in the world.

Not daring to dwell too long upon kisses and other incidentals, the interviewer reverted to safe fundamentals. "How old is your husband?"

"Only forty—that's still young, isn't it?" We hoped so.

"Have you two talked this over?"

"HEAVENS, no! I can't let him think I miss his petting."

"Why not?"

"My dear, it isn't ladylike—it isn't decent, that's all." Far be it from any old maid to contradict her.

"Are you demonstrative?"

"Yes, when I have a chance, but lately Hal hasn't encouraged me." Tears began to emphasize her distress of mind. "I may as well be frank and tell you the truth. I'm afraid I've ceased to appeal to him physically. There's something missing, and I'm terribly worried."

"Have you done anything to make him want to kiss you?" A bland, uncomprehending stare.

"I mean, have you ever consciously tried to intrigue your husband?"

"Intrigue my husband? What kind of a—well—I must say!"

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All together now, cried Allie's cherished inhibitions, let that inquisitive investigator realize what you think of such a bold question—from an old maid, too. It's disgusting.

When Allie's breath returned, "Ye gods—I should say not!" She was really shocked. So were we.

"Are both you and your husband healthy?"

"Don't I look it? Seventy pounds heavier than when I married—weighed one hundred and forty then. Now I refuse to weigh. My heart palpitates so when I exert myself. All I can comfortably do is to read and play bridge. Of course, there's no need to bother you with these details—they're beside the point." But, were they?

"Do you think my husband could be crazy about another woman?" Her eyes begged for a speedy denial. "Do you suppose he has ceased to desire me?" Her voice rose hysterically. "For heaven's sake, tell me what to do!"

"Your husband may be off kissing for a time."

"He's a man, isn't he?"

"Yes—but men get that way occasionally. He may not be feeling well; he may be worried over business."

Interrupting, "You're only trying to make me feel better. Listen, at night when I make myself comfortable on the couch, with a good magazine and a box of chocolates (they seem to stop that gnawing in my stomach) Hal glares as if he actually hated me. His expression is nerve-racking."

"Maybe he thinks chocolates will make you fat."

"What if they do? I had to keep thin to get him. I'll not stay thin to hold him. That's final." Leaning forward excitedly, "Why, do you know, before we married I didn't relax a minute—couldn't even sleep in peace. My chin had to be strapped—skin nourished—marcel tied up. It was devilish. I wouldn't live through that again for any man alive." She stretched herself mentally. "There's a comfortable let-down after marriage. He's mine—I'm his. Who cares? You know how it is. Oh, pardon me," consolingly, "I forget you're not a married woman." No matter how undesired they are, they wouldn't change places with us.

"Has your husband grown heavier since your marriage?"

Defensively, "No, he's even handsomer—fussy about his clothes—bathes all the time—won't eat candy—"

"Yes?"

"He's so particular he even buys my underthings—lovely and silky."

"Do you wear them?"

"I should say not! They're so thin, they're immoral. I thank him, then later change them for cotton union suits—they're practical and convenient. That other stuff is pretty for brides, not for old married women."

"But after five years of marriage you need intriguing things more than ever." She comprehended not, as many a sister before her.

"You certainly say queer things about men and marriage." She eyed her advisor half suspiciously, as many a sister before her.

Then, in a final burst of confidence, "I'm telling you I've been so worried that I've tried everything. I've studied Elinor Glyn's philosophy of Love—wept—even prayed. I took a guaranteed course in Personal Magnetism which cost me twenty-five dollars. I bought a book How to make men love you. One item went like this: 'Always, whenever possible, seat yourself so you can look up into the man's eyes. This gives him a feeling of superiority and is most appealing.' I've always been a good sitter, so that didn't bother me any, but I felt like a fool gazing up into Hal's eyes that way."

"How did your love subject respond?"

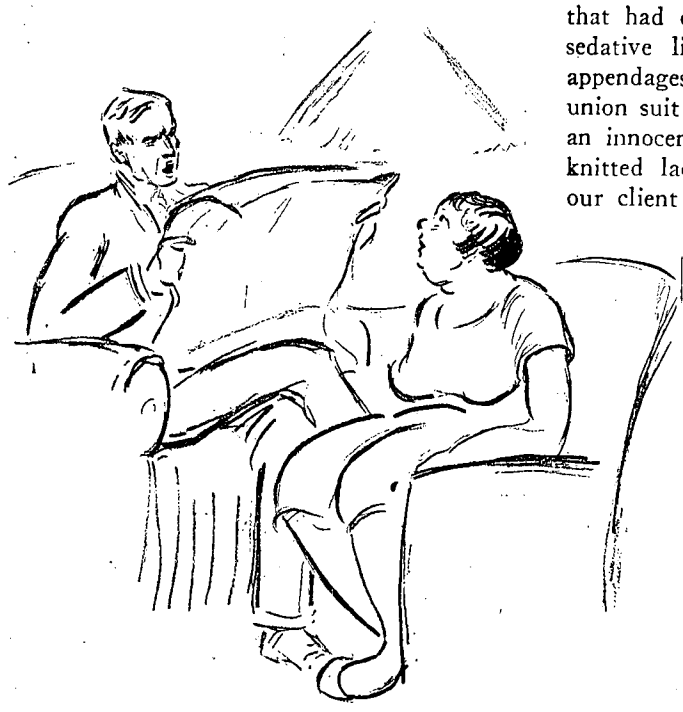
"My husband never swears, but that night, the third time I worked on him, he turned on me and yelled, 'My God, what's the matter with you tonight, anyway?'" And after the story of this last defeat our aspirant for "It" put her head down on the desk and cried gaspingly.

"If we take your case will you promise to do everything we advise, no matter how unreasonable it may seem?"

Encouraging silence and a shortage of tears. Allie, agitated no longer, took out her powder puff, batted her face, missing her shiny nose, applied her rouge blindly and with faith, hitched up her fallen brassiere straps and rotated toward the door.

"Listen! As God is my witness, I'll promise to do anything—everything you say." The words sounded like a prayer, and imaginatively we knew another supplication was beating its way heavenward.

We arranged for a medical examination by a woman physician. Our client's palpitating heart, literally speaking, furnished the excuse. The doctor admitted to her office this comparatively young woman, blessed with big, appealing eyes and enough money to afford good clothes. When she was ordered to undress there dropped to the floor a girdle, unboned and unequipped to confine the fat that bulged in forbidden and unmentionable spots. An old-time union suit, devilishly practical and deadly uninteresting, outlined circles that had once been curves. Plain lisles, sedative lisles, understand, covered her appendages, and between the intriguing union suit and the outside world reposed an innocent-looking petticoat edged with knitted lace. For some intuitive reason our client gave the indescribable impression of being a Saturday night bather, making this a kind of ceremonial, with no substitute or extra sittings.



"When I tried gazing up into Hal's eyes . . . he swore at me"

Puzzled, resentful, with small feet aching, our client pantingly undressed, and just as pantingly dressed again. The doctor, after the usual suspense, impressively made her recommendation: a fifty-pound reduction by diet and exercise, either at home or in a sanitarium. Our stout seemed temporarily dazed but apparently cooperative.

Later, when she unlocked

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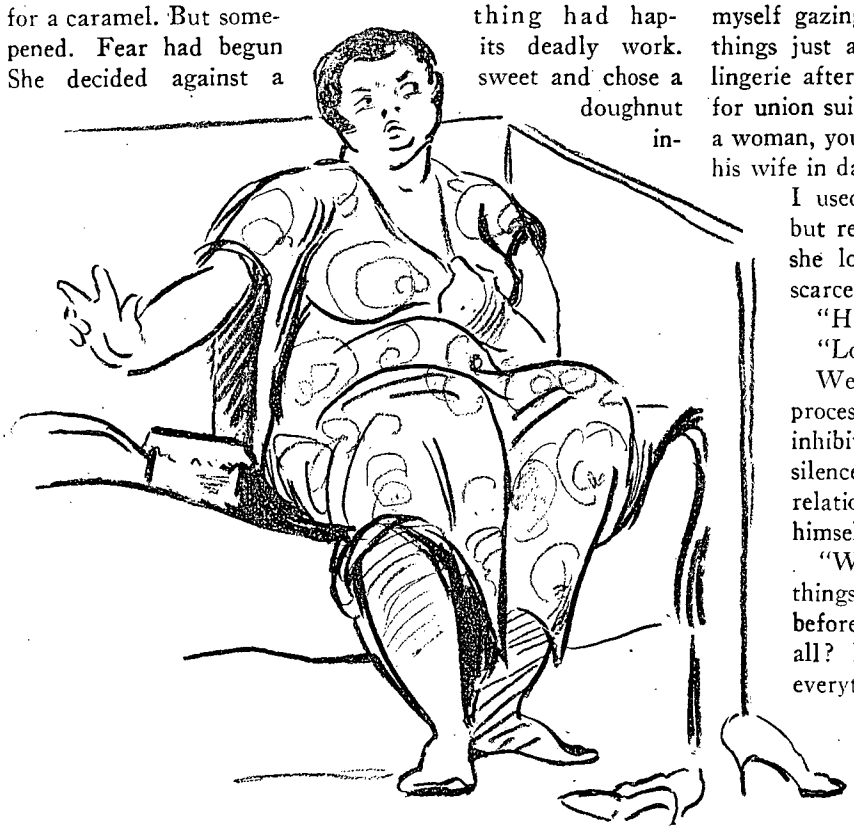
her front door the first thing she did after her initiation into social service, was to sit down in her favorite couch-corner, kick off her shoes, unfasten her corset, throw it over the back of a chair, put on her flowered negligee, and reach for a caramel. But something had happened. Fear had begun its deadly work. She decided against a sweet and chose a doughnut instead—sixty calories to the worse—and her fatty cells, temporarily dismayed, ceased to worry.



Her first impulse was to kick off her shoes and reach for a caramel

After our client had grudgingly given permission, we sent for her husband, who seemed hesitant to discuss his private affairs and rather distressed that their difficulties had become so acute as to demand outside assistance. He had already consulted a physician on his own account. "I love my wife, but someway I've ceased to desire her. A better woman never lived; she's big-hearted [that word showed how he felt]; she's good. I dislike discussing her with outsiders. It's only because I think you might be able to assist us that I—"

"We understand perfectly."

"Don't think me a cad—I'll do anything for my wife. I love her devotedly. No other woman lives for me, but when it comes to thrills and touches—well, there's nothing to it. Do you suppose other men feel as I do?" How did we know?

"Until the last year Allie always attracted me physically. I wanted to kiss her, loved to be near her. Of course, a couple married five years grows a trifle tired, but I'm only forty. That isn't the dead-line for kissing, is it?"

We didn't think so, but after all one can't be too emphatic over certain controversial subjects.

"Does your wife look as she did when you married her?"

"Lord, no! Neither do I. She weighed about one-forty then; now she cheats when she reads the scale at two hundred. We used to play golf, dance. Now she spends her evenings with a mystery story and a box of chocolates. She's not stupid—she had two years at Wellesley. I went to Yale. I've tried to reason things out, but sometimes when I see her eating chocolates something passes over me that amounts almost to hatred. I leave the room so I won't say anything to hurt her."

"Is she fastidious about her person?"

"No, I'm sorry to say, and would you believe that I find myself gazing into the shop windows at the pretty underthings just as if I were single again? I bought her new lingerie after her trousseau wore out, but she exchanged it for union suits—they're abominable." We assented. "Being a woman, you won't understand that a man likes to visualize his wife in dainty underthings. When we were first married I used to think I was concentrating upon business, but really my mind was filled with visions of her as she looked for me alone. At those times I could scarcely wait to get home to her."

"Have you mentioned this to your wife?"

"Lord, no. I wouldn't dare."

We felt sorry to add two new recruits to the long procession of adults fighting repressions, reservations, inhibitions. Men and women trying to deny, by their silence, the vital importance of life's most beautiful relationships. Our client went on talking, as if to himself:

"Why don't women realize the significance of these things? They intuitively resort to tempting tricks before marriage. Why do they suddenly forget them all? My wife never looks at another man and does everything to please me. I love the soul of her, but there isn't a man living who doesn't want his wife to be part mistress, at least. He longs to be intrigued, stimulated. Most men will deny this but it's true just the same."

And so ended the discussion. In our superlative wisdom we asked him to trust us. In his sublime faith he consented.

After our conference with this clean-cut business man, fastidious, virile, and extremely sensitive to beauty, we found it difficult to associate him with this carelessly gowned, unaesthetic, fat wife, whose slow mental reactions were due to laziness rather than to any inferior mental capacity.

Social workers and physician decided to reduce Allie fifty pounds; initiate her into the fascination of ravishing lingerie and chiffon hose; make her acquainted with two emotionally exciting friends, Havelock Ellis and Sigmund Freud; teach her to understand man's physical make-up, and to fear woman's post-marriage slump; cultivate in her the come-hither and the stay-with. An ambitious program!

SOME time later the physician asked our client if she had tried any other reducing method beside diet. "Tried anything?" All Allie needed was a start. Sitting down [she usually sat during her emotional moments]: "I've choked over thinning bread—I've rolled—picked up pins—exercised to music—to radio—" Then rather fearfully, "I've even swallowed anti-fat tablets until my heart went on the blink." [What's an overdose of thyroid to a determined woman?] "I've steamed in the bath-tub, wrapped myself in scratchy blankets, and lost nothing but a good night's sleep. I am getting so I can't look at an egg or tomato without wanting to scream." The doctor tried to stop the hysterical patient who carried too much fat around the heart.

"Yes, we know, don't excite yourself."

Allie took on her desperate eighteen-day-diet look, and continued, "I've lived through milk days, orange-juice days,

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perspired under rubber corsets—tried everything but suicide." She stood up. "In heaven's name, answer me this. Why should I make myself absolutely miserable for a figure?" Somebody tell us, why should she?

Silence for a moment while Allie's temper gained momentum. "Is there a man living who would bend twenty-five times a day to reduce his stomach? Is there one on this earth who would do without pie to cut down his intake? Do you hear of any males stretching, rolling, kicking in order to hold the love of the females? I'll say you don't—more than that, you never will." We quieted Allie with difficulty.

We decided her strongest weakness was food, so our first step toward the disruption of a family took concrete form when we insisted upon reduction at a sanitarium. Naively hopeful, as a child who applies a raisin to an aching tooth, imaginatively enchanted over her slender lines, our love-aspirant left town for an indefinite stay.

We planned that she write us how the reduction progressed. We outlined her daily schedule: many baths, few calories, much exercise, little rest. We arranged that selected readings along abandoned lines, and a chaste evening at the small-town movie should constitute her recreation. We insisted that there be no direct correspondence with her husband, from whom we expected the usual male reaction following a rest period. And because of our inspirational ideas, Hal faced the happy prospect of at least thirty, free, kissless days and nights. A safe and sane reduction, one might say.

We opened our client's first letter with interest:

This is a funny place. Had beans, carrots, a dumb custard for lunch. My stomach already feels flat. Glad I brought my union suits, the women wear them while taking the rollers. You social workers get "hipped" on things anyway. If I live I'll write again next week.

Our note of encouragement followed. Anyway, dieting is always quite easy for the other fellow.

Allie's second note left us a trifle cold—uneasy, in fact:

Feeling some better now that I'm used to eight hundred calories a day. Met a nice widower with rheumatism. He seemed surprised that my husband thought me too heavy. He says nature intended some women to be fat. He likes them plump — seems to hate skinny ones. Says they have no sex appeal. Being a widower, he talks rather plain sometimes. It certainly does a woman good to meet a man who likes her as she is. Have lost five pounds, tell that to Hal.

Plain widowers are provocative enough, but rheumatic widowers are positively dangerous — one feels so sorry for a man in pain. Too, our client had been denied any emotional outlet.

We began to wonder if aggressive social workers did assume too much responsibility.

"Met a nice widower. He says nature intended some women to be fat"

Ye gods! I'm sick of the sight of women—wheezy women—anaemic women—fat women counting calories—skinny women sipping milk—women with operations, women without. Men seem more interesting, don't you think?

Allie showed one dangerous symptom—her preference for men—normal but a trifle dangerous.

Another thing about women, they're such fools. Why, in heaven's name should I worry about holding Hal's love? Why shouldn't Hal worry about me? Suppose he developed a stomach or sinus trouble or a growth on his nose, do you think I'd cease to love him? The widower has arranged to sit at my table—it's nicer for both of us. I do feel so sorry for lonely men. The world seems full of them. Losing nearly a pound a day, if that means anything to anybody.

HAL called to talk things over. He seemed rather worried. Confidentially, he had nothing on us. We discussed his wife's rapid reduction. We read discreet, cheerful excerpts from Allie's letters.

The next week a few lines constituted her report:

Feeling better. Take a walk each day with my friend. Last night we saw The Vagabond Lover together. Those love songs thrilled us. My friend says not to be ashamed of emotion at any age. That man has an understanding Heart. Not that I feel it's important, but I've lost twenty pounds.

The so-called manipulators began to wonder if their client were in danger of losing anything beside flesh. A tactful letter from our office to Allie, suggesting that she continue her reduction at home. Hal's temperature was rising, and ours was on the drop.

Peppier each day—partly the loss of flesh. My stomach has shrunk—I feel light and happy inside—it's wonderful what reduction does for a woman! Tell Hal not to come up. It's a hard trip for so short a time. I've changed some things beside my figure—my ideas, for instance. I'm just beginning to realize that a one-man woman is a fool. Life is so full of possibilities for attractive women.

P.S. My Friend's rheumatism is better.

Husband began questioning us suspiciously. Clients are so unappreciative. We dictated a letter as urgent in its appeal as a small-town home-coming invitation.

We visualized our client, garbed in her favorite union suit, absorbing our constructive hints, standing. One can't sit and get the full benefit of electric rollers. Someway we knew that Allie read the letter once, tossed it casually aside, and resumed her perusal of Love and Marriage. Tirelessly the rollers rolled on, rebelliously the fatty cells broke down.

A few days later we decided that Allie possessed a sense of the dramatic. From the familiar sanitarium envelope dropped two notes, accom-

(*Continued on page* 192)

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When Osborne Came to Sing Sing

By FRANK TANNENBAUM

ON November 19, 1914, Thomas Mott Osborne came down to Sing Sing. The men had been expecting him and the very atmosphere was charged. Sing Sing had but recently been through another series of its periodic disturbances. The retiring head of the prison was leaving under a cloud of public scandal and charges of graft. The year before a local grand jury had condemned the prison and had indicted the warden in a bitter and scorching public document. It was against this background that Osborne was to enter upon the wardenship, after his experiences at Auburn Prison which were the theme of my first article.

At his request, he appeared before the assembled prisoners in the dining hall. He climbed upon a table at the front of the hall. Before him were 1496 convicts. They were all there, all facing him, white faces in a sea of gray, expectant, filled with hope. All about were the guards—some sixty of them facing the prisoners—with the usual loaded prison clubs in their hands, watching the men to see that nothing violent happened. There was tenseness everywhere.

Osborne repeated what he had so often said before to the men in Auburn. It was significant only because it was said in a new place and under differing circumstances. The message was the same:

> Unless I can do you some good, there is no earthly reason for me to come here. . . . Everything which leads to the formation of character and control of yourself so that when you get out of here you will stay out, is the good I am after, not a temporary pleasant feeling.

He was going to be warden, he said, but only on one condition—and that was that he could deal fairly and honestly with the men. He wished to govern with their consent and cooperation. If he had to rely upon "prison rats," he did not want the job.

> I think the job of an officer is a peculiarly thankless and difficult one; and I ask your help for the officers. They have struggled with a system which I believe and you believe with me has been entirely wrong. I have always detested that thing known as "stool pigeon." . . . If my authority has to depend upon that particular kind of hypocrisy . . . the lies, the deception, and all those words that spell stool pigeon, I say to you men that I do not want the job. I will not keep it unless we can keep things open and above board.

He went on to what lay closest to his heart—the exercise of responsibility by the prisoners. The prisoners would have to keep in view the responsibility that was to be reposed in them; they would have to see to it that things went right. He was cheered to the echo. There was the feel of a new day in Sing Sing Prison from then on and it has measurably persisted to this date. He had begun as he might have wished to begin with a free, full, and public declaration of a new policy for the old prison, a policy that the prisoners agreed with. And whatever came of his other promised support, that of the prisoners was his throughout.

To understand what confronted him and why he was there, we must go back a little. The revolutionary changes he had brought about in the preceding months at Auburn had been much in the public mind. If such things could take place up-state, why not, it was asked, in the old prison on the Hudson which in the popular imagination epitomized our penal system and at which the existing regime seemed to be breaking down under its own difficulties. Under this spur, the then warden had extended a number of privileges to the prisoners of Sing Sing. He gave them the right to form an organization. The step was arbitrary; it did not grow out of an effort by the prisoners, and did not involve the assumption of responsibility by the men. Their lot was made easier but they were not given an instrumentality that would force them to develop those judgments and practices that were the basic reason for the privileges extended to the men at Auburn. Before long, however, the warden's troubles came to a climax and the persistent accusations of dishonesty forced him out of office. Governor Glynn, who was a Democrat and who was soon to retire from office, offered the post to Osborne.

OSBORNE hesitated to accept. He had worked in Auburn and with the Auburn Prison officials in what amounted to a private capacity. To accept a wardenship would compel him to surrender this freedom. Then, too, he had felt that the next place to attack was not Sing Sing, but Clinton Prison, popularly called "Klondike," or "Siberia," among the penal institutions of New York. That it was known as a hard prison to manage, and was reputed to hold the most desperate inmates, the "long-timers" and "lifers," made it from the point of view of the prisoners as well as from the point of view of Osborne, the most promising laboratory for further experimentation. Moreover, his experience had made it clear that in carrying forward innovations, the greatest difficulties were to be expected not from the hardened criminals—the highwaymen, the murderers—but from petty thieves and especially from "highbrow" convicts who had no tradition of gang loyalty.

Pressed to accept the post by Judge Reily, state superintendent of prisons, Osborne did a char-

As the resort of a great city's felons, Sing Sing, when Osborne took over the wardenship, was widely renowned for its scandals, its riots, and fires. It was soon to be famous the world over as the center of a remarkable attempt to reconstruct human behavior. The doings of Sing Sing and of its prisoners were for months to occupy more space on the front pages of the metropolitan newspapers than were those of the state legislature. It was also to cost Osborne very dearly, all but stripping him of his fortune, his reputation, and his liberty.

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What Prison Guards Thought of the Change

Ossining, N. Y., December 19, 1914

Dear Sir:

The keepers and guards of Sing Sing Prison, in mass meeting recently assembled, desiring to give expression of their deep appreciation of the great personal sacrifice you have made and are making in your efforts to remedy the existing conditions in that prison, now disheartening and revolting both to them and the inmates; and particularly grateful for the practical plans you are inaugurating, which they perceive, will work to the benefit of the keepers and guards as well as to the inmates, have extended you a vote of thanks therefore and pledge you their loyalty.

Sincerely and Loyally,
JOHN J. FARREL,
Secretary of Meeting

acteristic thing. He called together his best friends among the prisoners at Auburn, some of whom had been in Sing Sing and knew the situation there, and put the matter up to them. What did they think of it? Would prison reform in New York State be best served if he accepted the offer? The men argued back and forth for nearly a day and a half. Those who favored Osborne's taking it on, insisted that there were enough "old timers" and "square guys" in Sing Sing to protect the situation. Those who opposed argued, and time proved them right, that Osborne ran the risk of being "framed," that the newcomers would make the situation difficult and that the local politicians would find means for undermining his hold upon the prison. The final vote showed eighteen for and seven against. Interestingly enough, Warden Charles F. Rattigan of Auburn took the same attitude. Osborne quotes Rattigan as saying: "I cannot understand for the life of me why you want to consider that Sing Sing proposition. You know enough of New York politics to realize what the job of warden is down there. It is perfectly 'impossible.'"

While this debate was on, Osborne received a "crooked" telegram from a Sing Sing inmate who had recently been transferred from Auburn and in whom Osborne had much confidence. "For God's sake," read the telegram, "take the wardenship. All the boys anxious to have you. Petition ready to be mailed." That telegram contributed much to his final decision. Speaking at Schenectady on November 15, Osborne said that he would accept provided the prisoners wanted him. Such an unprecedented proviso, by a man called to head an institution hitherto the stronghold of repressive rule, let loose a lot of public ridicule. Osborne says of it:

> I was trying to drive home a lesson learned not only from my acquaintance with prisoners but from my experience as a manufacturer, that you cannot get the best results from men unless you have their respect and confidence.

He argued simply enough. If he could be assured the confidence and support of the prisoners, and if he were sure of the moral and official cooperation of the state administration, then the local politicians, as well as the few dishonest guards, could be successfully confronted. Added to this general assurance came the promised support of the newly elected governor, Charles S. Whitman, former district attorney of New York and a Republican, who was reported as saying that Thomas Mott Osborne was a close personal friend of his, that he had the greatest respect for his ability, that it was a pity that the people of New York did not have the use of his services. Before finally accepting, however, Osborne had an interview with Mr. Whitman and, assured of his cooperation, took over the wardenship on November 30.

Watchfulness and fear are the dominant notes in a prison setting: fear of the prisoners by the guards, fear of the guards by the prisoners. Even the warden's residence at Sing Sing had its every closet padlocked, its every drawer bolted. The fear of cunning, of dishonesty, of double-dealing, of destruction, lurked on every hand. To Osborne this whole atmosphere was repulsive. If he could not trust his own house servants he could not trust anyone—and he could not work at all. So he began by first ridding the warden's residence of all evidence of suspicion. He would lock no drawers and keep his closets open, and in all this time at Sing Sing he never lost anything from his house but once. Thirty dollars disappeared—only later to be returned from the tailor shop.

"What is the first thing I ought to do tomorrow?" asked Osborne of his prison valet the night of his arrival.

"Go down into the mess hall and find out what they are having for breakfast."

"Yes, I thought of doing that."

"And go alone. Don't take the P. K. or Mr. Johnson or any of the screws. Show them you are the boss."

AND so the first day opened with visits to the mess hall, where he tested what the men had for breakfast, to the shops, the death house, the cell block. He began that first day his consistent attack upon the problems of food, hospitalization, cleanliness, discipline. Moreover, he went down to the yard and mixed freely with the men. Everywhere he was received with the best of will. The New York Times noted that "there were no incendiary fires and no strikes . . . . all marks of coming and going of wardens in the past." Reporters swooped down upon the prison in droves. To them Osborne declared that the prison was open at any time. It was the right of the citizens of the state to know what was going on in their institutions. "As a matter of fact," he told them, "many, if not most of the iniquities which characterized the old prison system followed from its secrecy and seclusion."

On the second day of his wardenship, Osborne asked the executive committee of the Golden Rule Brotherhood, the limited organization set up by his predecessor, to draft a plan for a prison court to be presided over by the members of their executive board. The Auburn experience had given him a keen sense of its value as an agency of public morale, and as a means for relieving the administration of the onus of punishing men for minor infractions of the rules. On December 5, the spokesman for the prisoners presented to the warden fifteen specific requests for changes in the prison rules. To these Osborne replied at chapel the next day—Sunday, December 6—within a week after he had become warden.

That day ushered in a new charter for the men in the old prison—a new code in its penal administration. To recognize the right of prisoners to make a series of requests for changes in the prison rules was in itself a profound innovation. More daring was Osborne's next step. For the first time in the history of Sing Sing, perhaps in the history of prison administration, the warden of a great prison permitted himself to remain alone for hours with hundreds of convicted criminals, collectively guilty of all the crimes on

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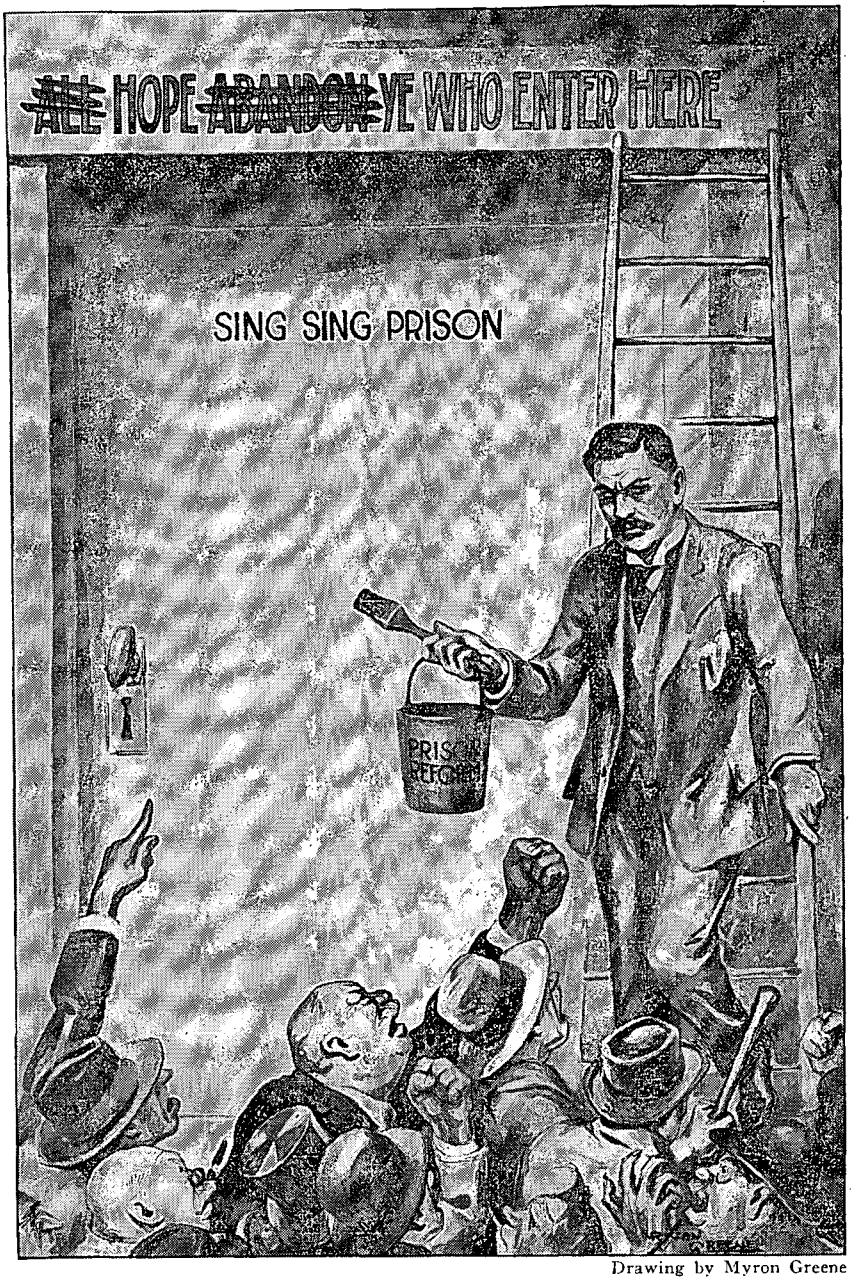
the statute books. He dismissed the guards so as to be able to carry on the discussion without a sense of restraint. In their stead were the chosen representatives of the prisoners themselves with the sergeant-at-arms standing at Osborne's right and facing the men. This was a revolution in fact and not merely in theory. Less than two years before, no warden at Sing Sing ever went into the prison yard without first putting a loaded pistol in his pocket. Within the year preceding, the men had mutinied and set fire to the shops. And here, in this strange setting, the men now met as men and talked of their needs; concessions were made and requests were refused in full freedom and the prisoners cheered themselves hoarse. They even cheered the reasons given for the refusal of some of their demands.



Drawing by Myron Greene

Next morning the principal keeper puzzled over the fact that not a single man had been reported for punishment in the preceding twenty-four hours. He shook his head doubtfully. It had never happened before. It had not happened in the twenty-eight years of his service at the old prison. It was beyond his understanding.

The most important of the requests made by the men was this: [see note p. 182]

We ask that the old system of discipline be materially altered, and that the executive committee of the brotherhood sitting as a court shall be allowed to examine all minor cases of discipline and determine if practicable the nature and extent of the penalties to be inflicted for violation of the prison rules or the rules of the brotherhood.

Osborne replied that he would not only grant the request but grant more than the men asked. He would turn over *all* cases of discipline to the prisoners' court with the right of appeal to the Warden's Court in cases of dispute as to the justice of the sentence; the Warden's Court to consist of the warden, the principal keeper, and the prison physician. In Auburn, jurisdiction over attempted escapes, deadly assault upon an inmate or assault upon a guard, refusal to work and strikes had been retained by the warden. Here all cases of discipline were to be handled by the prisoners as a court of first instance with right of appeal. The men cheered and shouted and cried in approval.

The other requests made by the men were of minor importance, but taken together were significant and far-reaching in their consequences. The men asked

that the moving pictures which had been recently introduced into the prison should be shown on Sunday rather than Saturday afternoon;

that visitors to the prisoners should be allowed on Sundays, as the members of the families of many prisoners could not afford to take a day off from their work;

that the men be allowed to write letters to outsiders whose names were not on the correspondence lists;

that they should be allowed to purchase postage stamps from the correspondence department with their own money on deposit rather than to have to depend upon friends and relatives to supply such stamps;

that special letters be distributed to men who had no stamps when going out on parole, in case of sickness, death, or other emergency; that men should be allowed to retain daily papers rather than be compelled to return them to the chaplain's office;

that men should be allowed to expend whatever money they have on deposit for those things already allowed by the rules of the prison even if the name of the sender of the money is not indicated;

that they should be allowed to receive gray sweaters and shoes from the outside;

that no two men should be doubled up in the same cell unless they were father and son or brothers and then only by special request;

that the dormitory places should be given first of all to those suffering from epilepsy or heart trouble; those crippled and aged; that the lights in the dormitory and cell block be allowed to burn till 10 P. M. so that those who wish could read another half hour;

that steps be taken to relieve the excessive conditions of dust and lint in the mattress shop.

All of these demands were granted by Mr. Osborne. Two requests were denied—that the screens be removed in the visiting room, and that inmates should be allowed Sunday newspapers. In (*Continued on page* 182)

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American Samoa: a National Park?

By PAUL S. TAYLOR

DID you know that last year we annexed American Samoa? That a commission now returning from these islands will advise Congress in December what to do with them? And that ten thousand Polynesians, represented by lavalava-clad chieftains on the commission with senators and congressmen, are concerned over what we may do? Probably you did not, for Samoa is so small and far away that except for Robert Louis Stevenson, most of us would not have known of its existence.

The United States is in Samoa because Pago Pago is the finest harbor in the South Seas. As early as 1872 one of our Navy officers secured from High Chief Mauga the exclusive privilege of establishing a naval station there. Step by step, as time passed, we built up a title to the islands: a tri-partite agreement in 1899 partitioning claims to the various islands among Germany, Great Britain, and the United States; a document of cession given "without any solicitation" on April 17, 1900, by the chiefs of Tutuila; acceptance by Congress of the cession in 1929, preceded, of course, by actual occupation by the Navy since the nineties.

The present government of American Samoa is maintained by the Department of the Navy, established under executive order of President McKinley in 1900. Only recently, perhaps partly because of dissatisfaction of some of the native chiefs of the islands, the anomalous situation was brought to the attention of Congress. It acted, as noted above: first, formally to accept the islands ceded twenty-nine years earlier; next, to send a commission to consider the establishment of a government for American Samoa. The public sitting of that commission in Pago Pago in September, "surrounded by a large crowd of chieftains and commoners, clad in the lavalava, or pulp dress of their forefathers," is described by the press as "a strange and incongruous scene, in a setting as picturesque and seemingly foreign as could be imagined under the American flag." Among the chieftains present was Mauga, sole survivor of the group which ceded Tutuila in 1900, also grantor of our first concession in 1872; and Magalei, representing the Mau, or native organization opposing naval government. These two chiefs, "old and wrinkled, carried themselves with great dignity as befitted their ancient Samoan blood and position. Chief Tufele, a strong, handsome young giant over six feet tall and weighing 250 pounds, was a fine specimen of native physical perfection."

But behind this drama in which fulsome praise of the existing government by some natives is punctuated by verbal shafts from wily chiefs who express the discontent of others, lie deeper issues. The Samoans are pure Polynesians. Their primitive folkways and language persist. The prevailing life and customs will be visualized readily by those who have seen Moana of the South Seas, which was filmed in Western Samoa nearby. Intrusion of whites is principally in the form of the small naval colony at Pago Pago on the Island of Tutuila. Travelers on a steamship line between the United States and Australia visit here during the brief hours their vessel is in port.

The area of the half dozen islands of American Samoa is less than fifty-eight square miles. Only a very small portion is arable. The inhabitants engage in the production of copra, or dried kernel of the ripe coconut, which is used principally in making margerine and soap; this constitutes the only export from the islands. Some other products have been grown, but not in commercial quantities.

But if rumor is correct, American pineapple growers, searching for more lands, are now giving some thought to American Samoa. Hearings before the commission in Honolulu lend color to this, for there was talk of altering the native form of land ownership which is largely communal, by introducing private property within certain areas. Whether the rumor, then, is correct or not, hardly matters, for if the economic entry of the white man is not immanent now, it soon will be. And whether intended or not, introduction of the white man's institution of private property in land would but prepare the way for those who will come "to develop the country economically" unless they are prevented. The proposal of this article is that they shall be prevented!

THE small population of the islands of American Samoa constitutes within the jurisdiction of the United States an isolated group maintaining largely the primitive culture which was theirs before the intrusion of the white man. Until now our interest in the islands has been almost solely naval. But the political situation is in a state of flux, and the effect of what is done now to provide government for the islands will be felt indefinitely. Furthermore, the economic situation also appears to be in a state of flux. If the plantation system invades the islands under American capital, however benevolent, the islanders and their native culture are bound to be engulfed.

The United States National Park Service has been established to preserve for future generations some of the distinctive features of nature, including not only significant geological formations, but plant and animal life as well. Should we not look also to the National Park Service to conserve for our posterity one of the few remaining primitive cultures within our jurisdiction, or indeed anywhere else? Shall we allow the desire to use a few hundred or thousand acres more of land for pineapple raising, to destroy a human culture which is surely one of our significant cultural resources, as we have allowed the desire for lumber to devastate some of our finest forests, even threatening stands of timber within the very confines of our national parks?

Whether the maintenance of an isolation from economic and political exploitation which will permit a primitive culture to maintain itself in its native habitat, is "good" for the natives, raises moral questions which can never be entirely answered, since so much depends upon the subjective valuations of each individual "judge." But for the purposes of this argument it is surely sufficient to point out that to allow political and economic intrusion of the white man into primitive cultures is all too often devastating to the native

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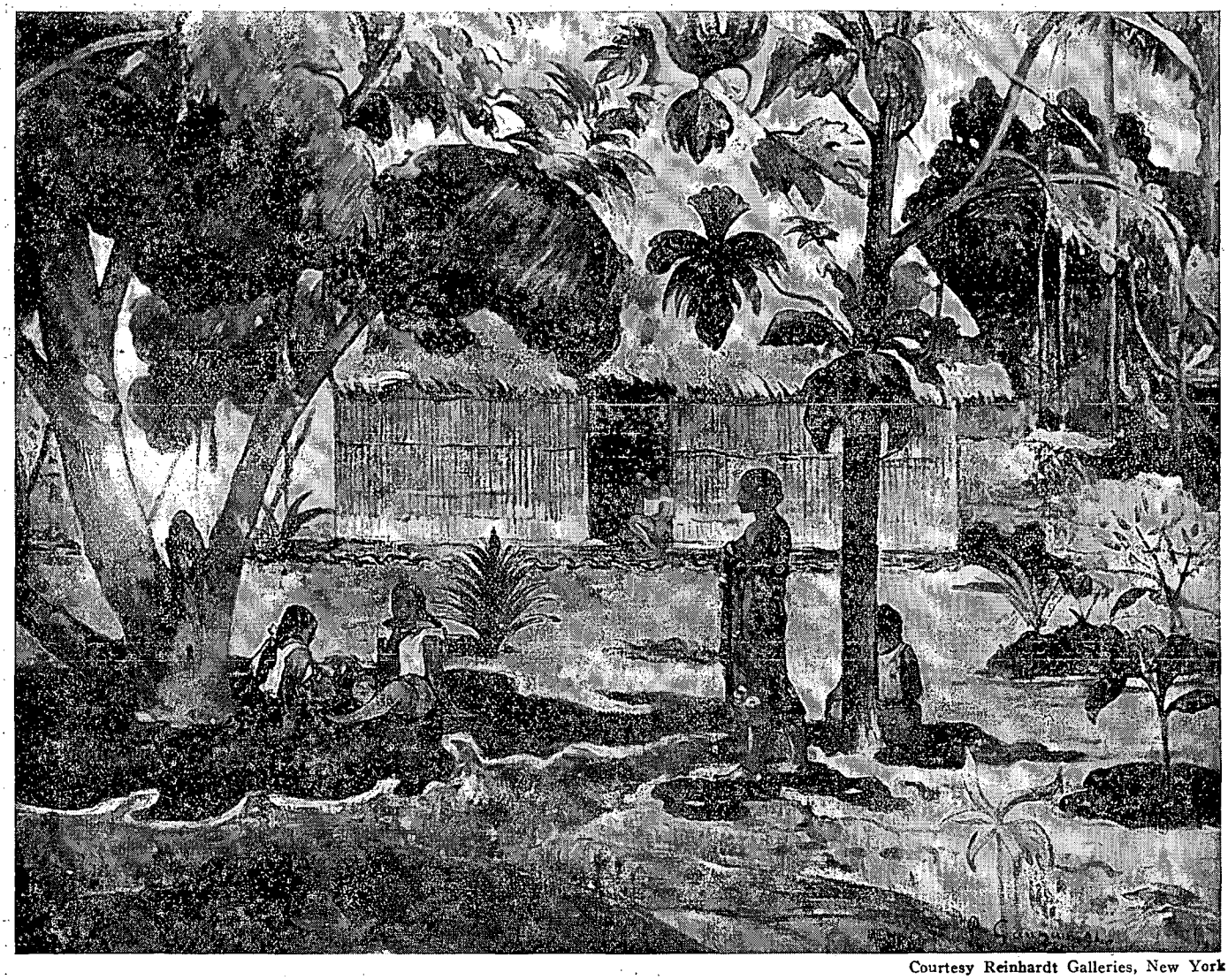
populations themselves, resulting in Tasmania in complete extermination; that even if the people survive, it is inevitably and irrevocably destructive of their cultures; and that the unrest of other races under domination of the white man, in all parts of the world, and including Western Samoa eighty miles away under a New Zealand mandate, is ample proof that these peoples themselves are not convinced that what we have done is "good" for them. Of course some intrusion would be inevitable, even under a national park administration in Samoa, but it would be intrusion in such matters as health, in which our claim to conferring "benefits" is clearest. Finally, if there be hesitation on moral grounds to decide to aid a native culture to survive, let it be remembered that, possessing the power which the United States possesses, failure to take this step means that we must ipso facto assume the moral responsibility of permitting economic and political intrusion of the white man into this human culture after we have seen ample demonstration of what it has meant to other primitive peoples. Would it not be easier to argue that to preserve a primitive and disappearing type of human society is to conserve one of the cultural resources of the world, than to argue laissez-faire, which means its rapid and irrevocable disintegration?

A naval administration in Samoa, whatever its past benefits or misdeeds, is hardly likely to be continued by Congress as a permanent form of government. Yet government by civilians is nothing to look forward to with equanimity: it could hardly mean anything but a mixed succession of governors, excellent and otherwise, "lame ducks," and the like. The National Park Service, on the other hand, probably represents American civil servants at their best. It is a service which is accustomed to counsel with scientists in meeting its problems; its administration maintains continuity; its policy is conservation.

The gist of the matter is simply this: The political situation is in a state of flux, with the first steps already taken towards determination of the future political structure of the islands. The naval interest in the harbor will undoubtedly remain and naval control of the naval station continue; this, however, affects the present proposal very little if at all. We are probably on the eve of economic development which would make such a proposal as this in the future forever impossible. Leaving the naval station to the Navy, should not the United States create of the small islands of American Samoa an ethnological national park, and preserve for mankind the human society which the natives have built up there? If such an end is to be accomplished, it is not only opportune, but imperative that action be taken at once.



Courtesy Reinhardt Galleries, New York

A POLYNESIAN LANDSCAPE

Painting by Gauguin

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Proof of the Puddings

By JOHN PALMER GAVIT

THE proof of any pudding is eating. This is as true of political puddings as of any other kind. It is particularly true of the one the Russians have been concocting during the past thirteen years. No talk about it, no propaganda, one way or the other, can make it a success or a failure. Herein lies the fallacy and the futility of all the hysterical efforts of the Union of Soviet Republics and their sympathizers on the one hand and the hyper-terrified conservatives in all countries on the other, to make the facts look other than they are; to suppress the dissemination of the truth, whatever it may be, and to circulate distorted facts, juggled statistics, and lies, from plain to damned, in order to create impressions favorable or horrendous, as the case may be.

The truth is that we are daily drawing nearer the crack of doom for the present Russian regime; when out of the welter of tales and claims pro and contra will emerge the demonstration—whether force-maintained communism as it has been practiced in Russia, is or is not workable under the conditions that happen to exist in the present state of the world—the state that *is*, whether you like it or not. Capitalism, fascism as it operates in Italy, and likewise any other social or economic system that can be devised, in the long run must abide the same test. When every available resource of force, of propaganda, of befuddling the people at home and abroad by slogans and scares, by inflation of credit, by pulmotor salesmanship, even by foreign war to distract attention from conditions, has been exhausted, cold economic facts, having their ultimate operation in the stomachs of individuals, come into their own.

Prosperity is not a state in which great numbers of hungry, soul-starved people unemployed, or employed only enough to keep body and soul together, must derive their satisfaction in life from seeing others roll by in automobiles on the way to wasteful enjoyment. If capitalism in any form—or fascism, or communism, or whatever other system you please—whether under a despotic or democratic form of government, cannot contrive to prevent recurrent periods of depression and disaster; cannot guarantee at least a decent living in accordance with the customary regional notions of standard and reasonable need to every person willing to earn his food, shelter, and clothing and the support of those dependent upon him, it is a failure, and will go down in some form of decay or demolition, giving way to another experiment—which may at last serve no better!

All history is the record of man's effort to find the way to prosperity substantially so defined. No propaganda can stir a contented people to revolution; no slogans about patriotism, or "class struggle," or "sanctity of property," or so-called economic laws, can effectively substitute for food. This is a brutal fact too much overlooked by those in Russia, in the United States, in all countries, who sit up nights worrying and spend days trying to torture opinion into their own way of thinking. The real occasion for anxiety in the United States at this moment is not stupid and ill-informed propaganda from Moscow, but the appalling number of well-behaved citizens who cannot find any way to earn their living.

Only yesterday a quiet, hard-working wife of an industrious farmer said to me: "I don't know how the people are going to get by this coming winter. Do you believe that Americans will starve quietly?" In the last analysis, hunger and the sense of injustice are the only agitators to be feared.

FROM the beginning of the present Russian regime I have had, and I still have, grave doubts of its success. Communism is a spiritual rather than an economic affair. It can succeed only where the spirit of the participants is one of fellowship; where native selfishness is willingly subordinated to the common welfare—as in the primitive Christian Church before it became popular and institutionalized, wherein "all that believed were together, and had all things common; and sold their possessions and goods, and parted them to all, as every man had need." I do not believe that it is possible to maintain communism by force. To the Russians, its spirit is more congenial than to those of any other country; but it is notorious that the Soviet scheme has had to be modified in many ways in concession to the individualist instincts that abide in every human animal. Unless the system as actually carried on in terms of cold economics, proves to work better on the whole for the pocket and eventually the stomach of the ordinary individual, than capitalism as actually carried on, it is doomed. And what is more, its failure after what will be regarded as trial on a large scale will serve for a long time to prevent its being tried again.

THE panic of Mr. Hyde, our estimable and personally charming secretary of agriculture, about the Russian sale of a few million bushels of wheat in the Chicago grain market, aside from its inherent absurdity and its political aspect as a herring across the trail, emphasizes this consideration. For long years before the war, Russia was one of the important wheat-exporting nations of the world. With adequate means of transport and cultivation Russia might dominate the grain markets of the world—nothing that Mr. Hyde or anybody else could do, by law or gospel, could prevent it. Certainly no arbitrary local rulings designed to deter a certain group in Chicago from doing what is lawful for others. Short selling of commodities of any kind, even with deliberate intent to depress prices, is a routine phenomenon in every market; it was not invented yesterday by the Russians. The Soviet government could rig the wheat market as well through Liverpool as through Chicago; could do it in Chicago through agents unidentifiable. But suppose the shoe were on the other foot—that we needed wheat and Russia, for malicious reasons, refused to sell it to us. What an uproar there would be! Russia is a convenient goat; we are wholly hypocritical on the subject.

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Even on the subject of their treatment of dissenters. Right now, in the state of Georgia, where children are afraid the Bolsheviks will get 'em if they don't watch out, a group of radical labor agitators is in peril of death, under an antiquated statute designed to hang persons inciting slaves to rebellion. Wherein does this differ from the Bolshevik policy of death for "counter-revolution"?

Anyhow, this dumping of wheat is a dangerous business—for Russia. A symptom of grave portent. On its face at least (one must discount heavily in appraising anything whatever in that country of inexplicable contradictions), it looks as if the Russian government, failing to get long-term credits for the purchase abroad of goods, especially machinery, indispensable for the success of its economic program, were frantically selling whatever it had, for such prices as it could get—like many an American now out of a job, raising emergency cash to keep the roof over his head. If and when the sacrifice includes the food out of the family mouths, it indicates a desperate situation. There is shortage of bread in Russia. It was shortage of bread that tore the bottom out of czarism.

SLOWLY the world is beginning to realize its economic unity; that the old political divisions and divisiveness mean nothing useful in the new conditions. Governments are still to a lamentable extent under the control, psychologically at least, of men and influences saturated with the old preconceptions. In the military field, they patter about "lessons of the last war," oblivious of the fact that in every war the "lessons" of the last one are the great stumbling-block; that the army that junks them quickest is usually the victor. Germany lost the war largely because things happened that had no place in the philosophy of the German high command, steeped in old stuff out of books. Look over the list of the commanders of 1914-15, in any or all of the armies profoundly schooled in the "lessons" of old wars, and see how many of them survived the revolution in technique. In all countries the military and naval pundits are doing the same old thing now. So in the economic field—old stuff, out of date.

Young-minded folk, slowly gaining power, are recognizing that a new day has come in international economic relations; that the old stuff isn't good any more. The slump in trade from which the United States is suffering now is not local—it is part of a world-wide situation due chiefly to the war and to the inescapable economic consequences of it. Thus far our principal contribution to the solution has been to add new tariff obstacles to the international trade which is as indispensable to us as to any other nation. Think what you will about the Russian form of government and the manners of its leadership; there is a tremendous market starving for our goods and able to pay for them with raw materials. Crippling and obstructing that interchange is biting off our nose to spite our face. What the world, all of it, needs most is to get to work in peaceable and mutually profitable interchange. Economic rather than political co-operation is the crying need of the day.

This was the realization chiefly underlying the discussions at the Assembly of the League of Nations; this is what gives vitality to M. Briand's scheme for some sort of federation of European states. This is what enfeebles the movement for disarmament—the conviction that without economic friendship and intercourse all the peace moves are futilities. This is what gives continuing strength to the demand for the recognition of Russia. In all quarters it is seen, however, dimly, that obstacles to interchange of the useful products of industry are a chief cause of economic depression.

ELECTION of Frank B. Kellogg, former secretary of state, to the seat in the World Court vacated by the resignation of Charles E. Hughes, and then for the full nine-years' term ensuing, was fully expected. It were ungracious, however justified by the facts, to begrudge to Mr. Kellogg the credit that will always attach to his name in connection with the so-called Kellogg Pact purporting to outlaw war as an instrument of national policy. The fact abides that his sponsorship of that agreement was the chief reason for his selection despite his age of seventy-four years for the highest honor that the other nations can confer upon an American citizen.

Of much greater significance, so far as concerns our relations with the League of Nations, is, it seems to me, the appointment of Prentiss Gilbert as observer for the United States at the League. This is a notable move forward. It affords a grim amusement to one who was present some four years ago when the Secretariat of the League received a request from the United States Government for all the printed output of the League from the beginning—from the government which previously had not accorded even the courtesy of formal acknowledgment of the League's communications. Mr. Gilbert is no unschooled tyro; he is fit for the job. He has been assistant chief of the European division of the State Department, consul in charge at Geneva, and comes now to an office almost next-door to the League, from the post of first secretary of the Embassy of the United States at Paris.

Yes, the American consulate at Geneva used to be across the river, a half-mile or so from the League of Nations. Came a time when intelligence recognized that that was too far away from the seat of international activities. Uncle Sam has moved his office at Geneva nearer to the place where goes on business his own direct interest in which increasingly dawns upon him.

Meanwhile, Turkey, one of the little group of outsiders of which the United States is chief, is moving toward the League, as it is in many other ways westward. The past summer there has been formed in Turkey a new party, the Liberal Republican, under the leadership of Fethey Bey, formerly prime minister, since 1925 ambassador of Turkey to France. One of the principal points in its program is Turkey's membership in the League of Nations. Russia of course will stay out indefinitely; but in Mexico, our other important colleague in outside-ness, there is a growing movement toward League membership.

Time and facts tell. The League of Nations will survive and develop, despite and subject to its inherent defects and limitations, only if and because in the long run it demonstrates its usefulness. The iniquities of the Versailles Treaty will be modified if not altogether removed because they do not work—just as already they have been substantially modified in the Dawes and Young plans. The Russian experiment will succeed or fail on its brass-tacks economic merits. For that matter so will other nations much surer of their footing. The scrap-heap of history is cluttered with the debris of nations very proud in their day—puddings that failed to meet the eating-test.

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Letters & Life

In which books, plays, and people are discussed

Edited by LEON WHIPPLE

Books from Quadrangles

PRINTING is *the* university art. The miracle of the press was granted Europe about 1450, and almost with this birth came the university printer. In 1469 the University of Paris invited three Germans to become the first printers of France, and in the halls of the Sorbonne as members of the faculty they published texts and learned works. At Oxford in 1478, one year after Caxton's first book at Westminster, the second English press issued a Commentary on the Apostles. Clerk and printer have been companions ever since though their intimate and fruitful relation was not concretely recognized in the United States until Johns Hopkins, pioneer ever, gave us the first university press. In 1892 President William Rainey Harper founded the University of Chicago Press along with the University to fulfil the third equal duty of seats of learning—teaching, research, publication. The older universities had fostered publication but they did not feel that a printing-press need be bone of their bone, servant of their scholarly labors. Now more than twenty university presses have boldly undertaken part of the burden of our great system of publishing. That system so long sustained by the devotion of publishers and booksellers, often unfairly described as "commercial," is in confusion and process of change so that it is timely to inquire what these little-known presses are doing, what they hope, and what they need to serve education with their ancient tradition and their high seriousness.

The glory of that tradition can be learned from Oxford's 450 years that have wedded scholarship with popular influence. The Press has been worthy of beautiful homes, in the Sheldonian Theater, in the Clarendon Building, in the stately London house. Its rolls are adorned by great names—of Laud, of Dr. John Fell (immortal as the symbol of a strange dislike), of Blackstone and Clarendon, of Furnivall and Murray. After fifty years of labor it has given us the great New Dictionary of the English Language; likewise, the Dictionary of National Biography, the Clarendon texts, superb editions of the classics, fine books for children, the publications of the British Museum and other scholar societies. From its "Learned Press" and its "Bible Press" have come books that in the General Catalog begun in 1916, reach to ten thousand titles and editions, including over one hundred of the Scriptures. For the art of printing it perfected India paper that makes large books convenient in format; cut beautiful new type faces and the characters of rare languages; created in its craftsmen a guild unity for "accurate and beautiful printing and binding." Its rare spirit is revealed in three facts: it still prints the University examination papers; it undertakes the humble task of making post-cards of great works of art; it announced that at its new home, "Cricket and football fields are maturing." So its books mature with the timeless patience of truth to serve both utility and beauty. The British Empire has fostered no institution more lovely.

There is an ideal for our university presses! and though few of our college lawns have been rolled more than a century, we have beginnings of promise. Without suggesting comparison, we may take the University of Chicago Press, the largest, as the

THE ARMS OF OXFORD

First used in 1640, these arms of the Oxford University Press followed seven earlier designs running back to the first one, used in Burley on Aristotle in 1517

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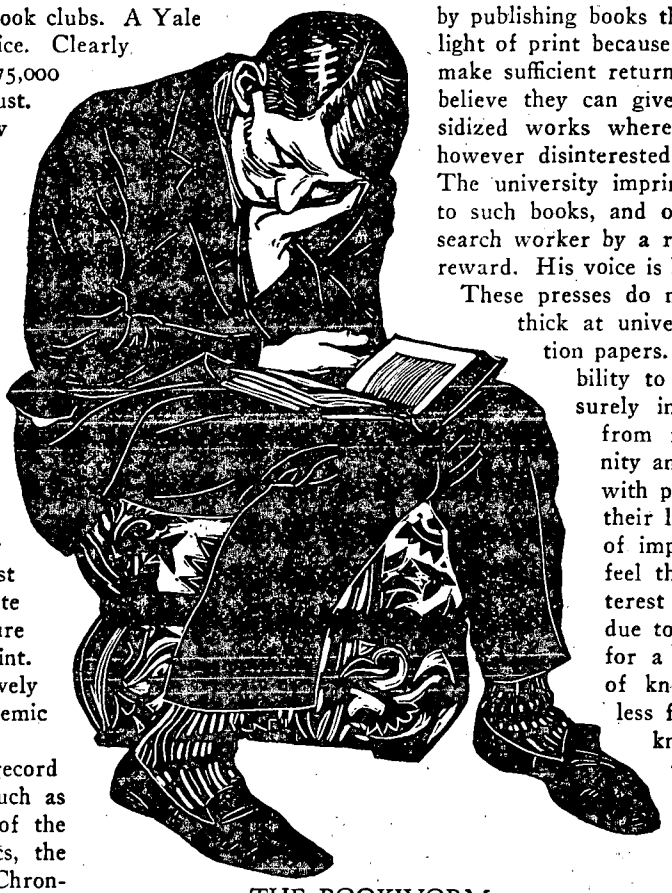
standard. It is regarded as the most efficient by the directors of many presses who with frank good-will gave me the facts for this article. In thirty-eight years it has grown from six to over nine hundred titles, and issues fourteen scholarly journals. In its last fiscal year it published 118 books, a record equalled by probably only half a dozen of our regular publishers. It publishes any kind of book except fiction; it prints and binds as "beautifully and suitably as possible"; it is governed by a board of the faculty—as are most university presses. But remember that Princeton has a press noted for fine printing, with a building given by Charles Scribner, the happy evidence of the common ideals of the old publishers and the institutional presses. Columbia (1895) is proud of issuing, in almost classic format, general books from every kind of author with an ever widening popular appeal. This is the modern character of these presses: their success is shown by the recent consideration of a Columbia book by one of the big book clubs. A Yale war book just missed such a choice. Clearly books that are considered for 75,000 readers are not academic dry-as-dust. Columbia, in pursuit of this new freedom, set up in 1927 a professional editorial body of five, quite independent of the Faculty, who, under the editor, Clark F. Ansley, devote themselves to the procuring, revision, editing, and printing of manuscripts according to the sternest standards, more "hard-boiled" than the regular publisher. They correct the English of English professors! They labor for perfection of content, manner, and body, to give truth fine garments. Harvard has an enviable place, for with greater endowment resources than most presses, this happy one can devote itself to rare problems and assure them beautiful incarnation in print. But it too is contributing effectively in this new field of non-academic serious books.



THE BOOKWORM
Woodcut by Margaret Haythorne

Yale has its own home, and a record of magnificent serial enterprises such as the Oriental series, the lectures of the Williamstown Institute of Politics, the Cornell studies in English, the Chronicles of America that record our history in splendid form, and the vast Economic and Social History of the World War in which the university presses of the world have joined. California is devoted to technical and scientific books that can never be self-supporting. And the University of North Carolina is blazing a peculiarly American trail in publishing the social records of a section:

> We are primarily interested in the South. We feel sure that we should continue our efforts to convince some of our people that an intimate knowledge of the South among at least a small number is practically necessary to an improved culture; and through our books we are attempting to supply a part of the information and stimulation to social thinking.

The catalog must cease, with apologies to those other presses that with small means, give proof of energy and vision.

What is this vision? The University of Chicago notes five obligations—to publish:

> The results of scholarly research wherever it may be carried on for the benefit of scholars.
>
> The interpretation of new scientific knowledge for the benefit of general readers.
>
> Text-books containing new facts and new methods of teaching for the use of all kinds of educational institutions.
>
> The proceedings and reports of learned societies.
>
> Journals which carry reports on current investigations in specialized fields.

This must all be done with never a risk of making a profit! and that is the aim the university press most easily attains. Many of their items do not even pay for the plates, and if by luck profits accrue from text books or private printing, they are promptly used for improvements or to finance new ventures in loss. Duke University recently issued a work on archaeology that cost $5000 from which they expected a return of one-fifth—but the scholars of the world needed the book. It is clear, then, that these presses are not under-cutting the regular publisher. For by general agreement it appears they regard it as their first duty to serve scholarship and research by publishing books that would not otherwise see the light of print because the commercial firms could not make sufficient returns to take the risk. The editors believe they can give special attention to such subsidized works whereas with the regular publisher, however disinterested, they are inevitably secondary. The university imprint lends prestige and authority to such books, and offers encouragement to the research worker by a recognition that is often his sole reward. His voice is broadcast to his solitary fellows.

These presses do many of the printing chores so thick at universities—like Oxford's examination papers. They all feel a great responsibility to the art of printing, and have surely influenced the format of books from regular publishers toward dignity and beauty. Some, yet unprovided with print-shops, undertake to educate their local printers, even to the extent of importing skilled craftsmen. They feel that some of our recent wide interest in history and science has been due to their labors; and all are eager for a larger share in the humanizing of knowledge. To make scholarship less forbidding, to bring the items of knowledge into place and perspective, to popularize without loss of truth—these are the new ideals that lead these editors to scorn delights and live laborious days. And while they are "corporations not for pecuniary profit," they are still less charitable institutions to nurse feeble books. They resent the old quip that, "A university press is an organization whose function it is to publish books that no one will read." They want their books read, now by many students as experimental texts, now by a few great scholars, now by the general public. On the whole they serve us well.

Their finances are wonderful to behold. I would hate to be a bookkeeper for a university press, my hands eternally dyed with red. But the cloisters have always vowed poverty. Princeton reports that, "the publishing department has never failed to show a substantial loss, from an average of $5000 to a maximum of $15,000 per year, though on printing (for general customers) we have made a profit, and from book-binding a few hundred dollars." At North Carolina the subsidy has been increased from $3000 in 1922 to $12,000 last year. The average has been about $10,000. Minnesota says: "On certain books for class sales we are able to show a profit. . . . We frequently publish editions as small as five hundred of im-

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portant and expensive books with very limited appeal for which we cannot possibly charge enough to pay the printing bill." I gather this is the story almost without exception. These deficits are the wound-stripes of honorable service in the long war for truth. They are ridiculously small for a nation of our wealth. The givers of this generation seem to be guilty of almost criminal negligence toward the university press. But fortunately by devotion and self-sacrifice the presses are gaining. One says: "The income from sales is slowly but steadily increasing. In one month they are covering considerably more than half our large and steadily growing program." Our scholars are printing less with their own blood.

THE money spent is an investment in education and comes out of the general educational fund somehow as has been shown by Donald P. Bean of the University of Chicago Press. Mr. Bean has perhaps the broadest knowledge of scholarly publishing in this country, and we hope that his studies will sometime be made available for others. He estimates that of six million dollars spent for the publication of research studies and journals in one year, two million came from library funds of educational institutions, three quarters of a million from professors' dues and the like from individuals, business houses, public libraries, and non-educational institutions, and one half million from foreign countries. The rest came from deficits borne by commercial publishers out of surplus, guarantees from authors, and subsidy from institutions for their own or other publishing facilities. This indicates the size and acuteness of the problem of finding publication for our growing mass of research.

The conviction seems widespread that we do not need more presses now, but cooperation and even centralization of efforts. California declares: "Perhaps the greatest need is a powerful agency with adequate sales organization and resources for advertising which will devote itself to the manufacture and distribution of such books." The presses face the marketing problem—how to reach even the small audience interested, which David Pottinger of Harvard believes for general books is not more than one hundred thousand, and more likely fifty thousand. The alumni of universities are poor prospects, and only about fifteen libraries can be expected to buy every publication of a press. One field, the foreign, is slowly coming back from the period of war-time poverty when the presses had to depend almost entirely on American buyers. One press holds that the exchange of publications between universities is one of their richest services, it maintains the intellectual currency at small expense.

On distribution, the problem is to reach the general public with the comparatively small number of books of wide appeal. Minnesota testifies: "Space advertising is very expensive and of very little value without a sales organization to get the books into the bookstores where they can be seen." Yet from a small budget one press is forced to spend $3000 a year on general advertising, and $5000 on mail sales. One well-known university adds: "University press books are not as a whole very highly regarded by booksellers, and the comparatively rare occasions when we do have a 'bookstore book' we find it hard to get on their shelves. Most of our sales are the result of direct mail circularization, with, of course, the help of reviews. From reviewers a university press book gets probably more than an even break." Yet the hard-driven booksellers would handle the books if they sold—and soon.

For scholarly publishing goes on in a highly rarefied time-space continuum. The nub, oddly enough, is the warehouse. Such books are not hot cakes: they must be stored and financed for long periods.

At Oxford the most venerable of the delegates' publications were stored in lofty stacks of unfolded sheets like the piers of a norman crypt. From these was drawn into the upper air, in 1907, the last last copy of Wilkins's Coptic New Testament, published in 1716, the paper hardly discoloured and the impression still black and brilliant.

What a triumph for truth against quick turnover! what secular immortality for Wilkins! what an amazing taste on the part of the last purchaser! what contrast to the shoddy ephemerality of our pulp books that wither in a decade! Oxford found a heroic solution by buying an entire estate "the amenities of which will not be impaired by factory-buildings"—and they needed it, for the stock of Clarendon Press books alone is almost five million. If some of our collectors of rare books want to serve letters they might build a central depository for our university presses, in the country but near transportation, where 191 years from now some eager savant can find memorials of our culture.

The financial problem is revealed in this excerpt from a letter from the famous scholar publishers of Leipzig, Karl W. Hiersmann's sons. I quote through the kindness of W. T. Couch of North Carolina.

I finance my publications mostly alone. The bigger books, let us say from Rm 80 upwards, are published in a limited number of 350 or 400 copies. I reckon on a sale within two years of 120 to 150 copies. This should bring back my capital outlay. The remaining number that will bring the gain will sell only, let us say, five copies a year. This would leave me a stock for about thirty or forty years which is not so much for a highly specialized scientific book. Warehousing is not so very expensive here and the bigger publishers mostly own their own houses. You will see that the publisher who is in the field for forty years and has published during this time only ten important books a year will have a very fine list wherein the older books do not cost him anything any more, but will bring him a sure amount of income with which he may finance the production of the next years.

O rare German financier, challenging a restless generation! He is the tireless custodian of a revolving fund with a cycle of forty years, and each year's fruits ploughed in for the future. He is a husbandman of culture, owning not a warehouse in Leipzig, but a treasure-house in eternity. The drums and tramplings of fad and profit do not disturb these everlasting Sabbaths while knowledge awaits resurrection. As Oxford says: "It is an advantage to be printed by a famous press. The author knows his work is not to be remaindered, pulped, or allowed to go out of print just because it does not enjoy a rapid sale." Why, we pulp publishers in less than forty years! The consolation in our pulping system for quick profits is that for many of our books, pulp is the true destiny. Remaindering clutters up our drug stores too much.

BUT one must not become impatient: these foreign firms are calm. Bitterness will not father wisdom, and the problem is grave enough without recrimination. The ideals and fine feeling in these university presses of ours, and the memory of the services our regular publishers have rendered so long, encourage faith. Changes will come: perhaps competition between the university and the old-line house for those borderland books that, though serious, show a profit. Such competition is not new. The Stationers' Company in 1637 paid the Oxford Press 200 pounds, provided it would not publish the profitable almanac or Bible. Now the authors may decide, choosing the prestige and special audience of the university press, or the wider distribution and perhaps better royalty of the regular houses. Such freedom of choice is eminently desirable. Perhaps the old-line houses deprived of their share of the best sellers by the high bidding for authors from firms organized only for profit out of a short list of star books, extravagantly promoted, will find they have no surplus with which to foster scholarly books at all. In that day (which I hope may never come, for I think commercial publishing close to life is a healthful thing), we may be happy to have university presses to take over a thankless task, and reward those who now labor for this new marriage of the university and the printing-press.

LEON WHIPPLE

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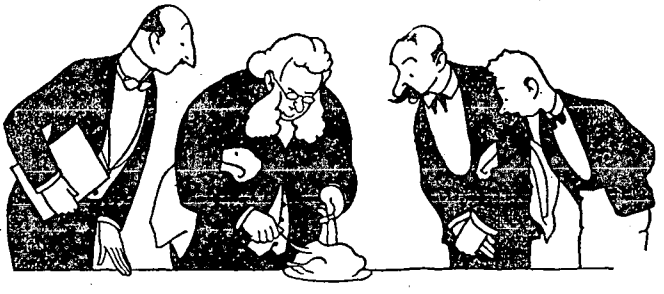
Lord Morgan of Wall Street

MORGAN THE MAGNIFICENT, *by John K. Winkler. Vanguard Press. 320 pp. Price $3.50 postpaid of Survey Graphic.*

WITH the instincts of a reporter, Mr. Winkler has taken J. Pierpont Morgan from the gallery of Wall Street immortals and once more has blown the breath of life into him. That is a useful achievement, and should be commended even if the reviewer regrets that there is less in Morgan the Magnificent than he would like of the banker's financial philosophy, and all too little of the social and economic setting in which he lived.

At home: "In the art of dining we Americans are sadly deficient"

Abroad: "The awe with which one head waiter, one plain waiter, and one acolyte watched"



Morgan's passing marked the end of an epoch. He departed from the stage just as American economic and financial life was becoming too variegated, complex, and extensive to be dominated by any one personality. Accordingly, though the late J. Pierpont Morgan was technically succeeded by his son—the present J. P.—Morgan in an authentic sense had no successor. There is today no one in Wall Street to whom everyone looks for leadership. Nowadays Wall Street is less picturesque and less decisive at critical times than it was in a simpler age when Pierpont Morgan reigned by common consent.

To the younger generation in Wall Street, Pierpont Morgan had become a legendary figure. By revealing that the size of his hat was 7⅞, that his pet personal aversions were E. H. Harriman, Andrew Carnegie, John W. Gates, and John D. Rockefeller, and that Morgan was a great and artistic lover, Winkler has recreated Morgan as a human being.

In regard to his czarlike power in time of panic and crises, Winkler relates how bank presidents and treasury executives awaited his nod.

"I am afraid we can't help with any more money; our reserves are too low," one timid trust company president told Morgan in the panic year of 1907.

"What!" cried Morgan. "Do you realize what you are saying? To-morrow you may have no reserves at all."

When urged a little earlier in that fateful year to help certain weak trust companies that were on the brink of ruin, Morgan refused, saying:

"I can't go on being everybody's goat. I have got to stop somewhere."

Winkler reveals Morgan, the father of the modern trust-building or merger idea, as a highbrow—certainly as a distinctly undemocratic fellow, with an immense belief in the superiority of a small coterie of the elite in finance, in art, and in the general business of living. Winkler delineates Morgan as a powerful character who knew where he was going, and who was true to himself.

Winkler has only scratched the surface in exploiting the rich literary treasure which inheres in the Morgan tradition. When the real history of the period between the Civil War and the Great War is written, Morgan will perhaps loom larger than any political figure. His eminence was a symbol of the drift of leadership from political to economic standard bearers. Morgan was not only a dynastic overlord of Wall Street, but also in his private life was a law unto himself in regard to morals and manners. He acted in the grand manner and there was nothing offensive in his unconventionalities.

Winkler's lively tale about Wall Street's first citizen is vividly related and makes vivacious reading. In literary quality it measures a distinct advance over Winkler's previous biographies of Hearst and Rockefeller. In passing it should be said that the policy of secrecy pursued by the House of Morgan, handicaps the biographer. Perhaps some day we shall get a definitive biography under the title, The Life and Letters of J. Pierpont Morgan.

MERRYLE STANLEY RUKEYSER

New York City

"Wanted: Work"

SOME FOLKS WON'T WORK, *by Clinch Calkins. Harcourt-Brace. 202 pp. Price $1.50 postpaid of Survey Graphic.*

ONE difficulty which has persistently dogged all attempts to find remedies for unemployment, has been the inability to shake the comfortable classes out of their complacency and make them sympathetically appreciate the poignant hardships which those who seek work unavailingly, actually suffer. The middle-class and the wealthy maintain a relatively callous indifference to all this suffering and hence are not moved to action. It is the supreme merit of this book (which is based upon three hundred cases of unemployment collected by the National Federation of Settlements in the so-called properous year of 1928-29) that it tells the plain, unvarnished tragedy of unemployment as it works out in the fate of families, in a manner which, while not over-strained, should move the heart of the most complacent Babbitt. These men whose stories are told, were not inefficient workmen, and they lost their jobs through no fault of their own. They diligently sought for work during months when the steadily upward movement of stocks was hailed as proof that God had indeed abundantly blessed business and that the Republican Party was His prophet. And yet their sufferings and those of their wives and children were greater even though more humbly cast than were those of Odysseus or Lear.

I am a statistician and I pride myself on being tough-minded, but these stories left me weak with the anguish which always comes from seeing brave souls struggling with impersonal fate. The Ardmore carpenter who laid down his tools as he died from hunger; the six-year-old child of the working mother, who apologized because her three-year-old sister had cut her hand; the thirty-year-old wife who had all her teeth pulled in order to save her unemployed husband the expense of having them filled; the exhausted Mrs. Kurfee and three young daughters living in one room close to a red-light district; the expectant mother in Philadelphia crying because she was not able to get the food which nurses were telling the settlement class that coming babies needed; the Chicago truckman refusing food and becoming insane because he felt he had lost his place in the world—all of these and many others one cannot forget. These and tens of thousands like them are the casualties of unemployment—the greatest industrial menace to the happiness of those who labor. If the settlements and Miss Calkins do not cut through the stiff hide of middle-class in-

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difference with these moving chronicles of heroism and human loss, then there is no hope for the improvement of the world by pity. And if large sections of the American public are not stirred to action by this book, then our organized Christianity will have shown itself to be bankrupt of the real qualities of an active compassion. I can only wish that every comfortable family may take the occasion to read this book. If they do and if they have hearts softer than stone, the battle for the reduction of the losses from unemployment will be more than half won.

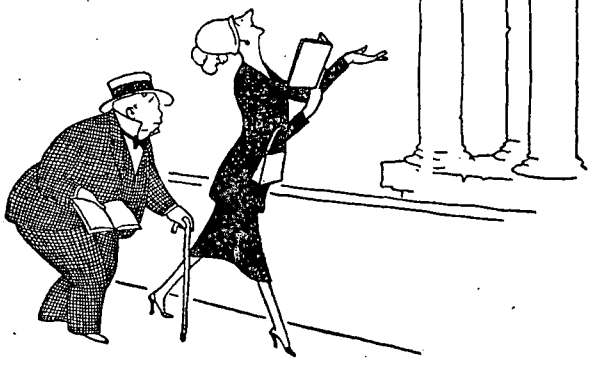
PAUL H. DOUGLAS
University of Chicago

Himself in Spite of Europe

A TOURIST IN SPITE OF HIMSELF, *by A. Edward Newton. Little, Brown. 252 pp. Price $3.50 postpaid of Survey Graphic.*

PURSUING his natural bent as a book collector, Mr. Newton went in search of a poet's grave in rural England, and met the last of the sporting parsons. This gay old curate, pursuing his natural bent, demanded to know what games a middle-aged American played and the answer was that "I loathed all games except kissing games, in which I was not now as expert as I once was." And there you have the note of a delightful and witty book. Mr. Newton takes himself and his habits to England and the continent without shame and without boasting, indeed makes of them the best part of the story. As witness the long, black, ladies' stocking which he has always tied about his eyes to induce sleep, which a Swedish chambermaid whisked away before his wife should find it. His habit of early rising led to the shrewd observation that in Germany "by seven in the morning there were as many people going to their offices as with us at half past eight, and more than London could show at nine." He is the delightful and rare traveler in the middle of the road, neither a drunken playboy nor a tense tripper flashing through the galleries bent on seeing every old master in Europe before Thomas Cook blows the homebound whistle. And, bookman that he is, he rests his travel philosophy on Dr. Johnson: "When Boswell inquired whether he did not think the Giant's Causeway worth seeing, 'Why, sir, yes, worth seeing,' the Doctor replied, 'but not worth going to see.'" Dr. Johnson and Dr. Newton (he has three degrees but tries to conceal them) would enjoy a reunion at the Schloss Hotel in Heidelberg. There the Yanks pour in every evening for late dinner and seize at once upon the head waiter who speaks excellent American (as why shouldn't he, with a winter job in Brooklyn?). "Say, buddy," they say, "now how long will Heidelberg take? Can I do it and catch the 10:30 in the morning?" The invention of the term, "museum fatigue," is enough to endear the book to all husbands, and the illustrations by Gluyas Williams will add to the joy of nations.

A. K.



"New things, however old they may be, fatigue me"

This and the illustrations on the opposite page are from drawings by Gluyas Williams for A. Edward Newton's A Tourist in Spite of Himself. Little, Brown and Company

Tale of the Dinner Coat

THE EDWARDIANS, *by V. Sackville-West. Doubleday-Doran. 314 pp. Price $2.50 postpaid of Survey Graphic.*

ENGLISH novelists who belong to the aristocracy or write from the inside of that tight circle called Society, have a consciousness of their caste that makes their work seem a monumental piece of confidential reporting. It is propaganda for the system, however grim and ruthless some of the portraiture and characterizations—publicity for the glorification of the caste, its members, its traditions, its houses and lands, and its inescapable reverence for the dinner coat. Those inclosed within its magic circle, whether entrenched or invited for the week-end, are happy victims. They give the garden parties, the house parties, the fêtes, and invariably dress for dinner to please the butler. They have not the misgivings of those looking in. Miss Sackville-West, familiar to everybody in a sombre black costume and broadcloth brimmed black hat like a bull-fighter's, writes from the inside of this circle where birth and good fortune placed her. She feels a reverence for the lands and houses of the only legalized aristocracy left in the world, and she doesn't forget the custom of dressing for dinner. The dinner coat ought to be the British National Emblem.

The Edwardians is the picture of the epoch of Edward VII, but the real thing in the heart of the novelist is the great house of Chevron and the young duke's ultimate submission to it and its claims upon him. The great houses about which Miss Sackville-West writes are always the ancestral place of Knole that has belonged to the Sackvilles since Henry VII. She should worship it. Who wouldn't?

Chevron is vast. It has seven acres of roof. It has countless rooms, countless servants, oaks listed in the Domesday book, parks, deer, villages, a complete, self-sustained, baronial establishment. It is delightful to read about, and Miss Sackville-West in her exalted mood writes beautifully about traditions and manners and customs. The ways of a duchess with her tiring-maid, how she gets into her petticoat and out of her corsets, her intimate and trivial moments, her amours, though that word is a little strained, all the revelations of that worshipful world, are kindly opened to the curious. It's not a noble feeling, to be instructed about the nobility, but this novelist writes so well it is good reading.

It isn't a vital, real thing, however. It's too much a memorial. This aristocratic novelist wants us to see and understand and above all appreciate everything that it has been her sacred privilege to enjoy as her heritage. She symbolizes; she characterizes and her story waits patiently for her events, and they are not awfully thrilling when they occur. In spite of Sebastian's misbehavior with a rather large number of women of different classes.

The duchess has two children, Viola and Sebastian. At that incisive moment of their first revelation to us, Viola is seventeen, in pigtails and not allowed to come to dinner, and Sebastian is nineteen and properly bored at having to. One of the thirty-odd guests making up an intimate little house party is an Antarctic explorer who is being lionized by the duchess and used by Miss West as her outside point-of-view. Viola finally marries the explorer, and Sebastian after very complex experiments and shaded experiences, settles down to devote his life to his ancestral place, which is just what he ought to do.

I am not prepared to say, as has been said, that the book is primarily a satire. It satirizes an epoch and is truthful and honest and very clear in its intention to appraise the Edwardians

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as frivolous, silly, pleasure-loving and very, very light. The new generation to which Miss Sackville-West and Sebastian belong are better than their predecessors. If they should chance to meet the new poet-laureate, they would know who he is and would have read his poetry. King Edward upon meeting Thomas Hardy said, "They tell me you write."

They are soberer than their elders, more earnest, better educated. They are upholding all the traditions and dress for dinner, but they have cut away from the purely frivolous, and while their lives are still rigid and theatrical to the great profit of the novelists who write about them, they are more wholesome and respect-worthy, a word Miss Sackville-West is fond of.

In my critical but very simple taste, it's much pleasanter to read about the trivial and symbolized affairs of the aristocracy than the most vital and gripping things that happen to other sorts of people, and particularly if that aristocracy be the genuine which is English. I get awfully annoyed, however, at some of the tricks and the chief of these is the dinner coat. Whatever Frenchman it was who flung at the English that they were a nation of shopkeepers should have said tailors.

Cincinnati, Ohio JOHN PALMER DARNALL

Hopes for Germany

GERMANY IN THE POST-WAR WORLD, *by Erich Koch-Weser, translated by A. Paul Maerker-Branden, with an introduction by Jacob Gould Schurman. Dorrance. 222 pp. Price* $2.00 *postpaid of Survey Graphic.*
STRESEMANN, *by Rudolph Olden, translated by R. T. Clark. Dutton. 226 pp. Price* $3.50 *postpaid of Survey Graphic.*
HINDENBURG: THE MAN AND THE LEGEND, *by Margaret Goldsmith and Frederick Voigt. William Morrow. 304 pp. Price* $3.50 *postpaid of Survey Graphic.*

JUST now when Germany is in political uproar and more than commonly the subject of gloomy foreboding within and without, these three sane books are timely. They afford an open-minded reader fair background for what is going on, revealing pretty well how present conditions have come about and why one may have considerable confidence in the sanity of net results. One can discern, too, why two men, more than any other individuals in the post-war picture, have represented present-day Germany to the outside world and have served so remarkably to stabilize both internal and external conditions during a period of turmoil and adjustment which would have spelled chaos in almost any other country, including our own.

Here is an account of the new Germany by the leader of one of the moderate parties in the Reichstag; a man steeped in the new politics, internal and international, broad enough to see his country under the new conditions, not only as a patriotic German but from the outsider's point of view. He was a member of the Weimar convention which framed the new constitution; he has served in the cabinet and as vice-chancellor. He has been mayor of at least three important German cities. He has traveled widely abroad, including an extensive tour of the United States; he was even an invited guest at the celebration of Governor Smith's re-election in 1926.

Koch-Weser was one of those who in 1928 helped me to realize the fundamental sanity of the German people, and the probability that the new republic would weather its storms. Now that the extremists of Left and Right are bedevilling politics, I am remembering what Koch-Weser said about the working of proportional representation in creating a political hash in the Reichstag, of scattering groups representing little or no substantial or permanent body of sentiment, but able to combine into transient blocs without responsibility but with immense power of mischief and obstruction. He pointed out the exceeding smallness of the nucleus in Germany of real Communists, and the fact that under Great Britain's elective system, or our own, they could not elect a single member to the national parliament. In his book he exhibits no anxiety about the Red Terror on the one hand, or the extreme reactionaries on the other. Of Fascism he says that "at least 95 per cent of all Germans have no symathy for such ideas."

With a sure hand and a scholarly historical knowledge he traces into the long past the roots of today's Germany in the world-perspective. He deals with the present and scans the future that well-informed, common-sense Germans see, hope, and expect. He does not underrate the perils, nor yield anything substantial of the German faith in the rectitude of German motives in the war; yet his temper in viewing the controversial issues is well illustrated by his comment, for instance, upon the discussion of "war-guilt." He tells how he found in other countries the legend of Germany's "exclusive" responsibility; turning then to the hot discussion of the matter within Germany and efforts to muzzle it, he s ys:

> In view of this state of affairs, those motions presented to the Reichstag in 1928 by the German Nationalists, which provide punishment for people who publicly express their belief in Germany's war guilt, seem—although perhaps honestly meant and resulting from an outraged sense of justice—inimical to the best interests of Germany. If, within our own boundaries, we do not permit free discussion of the war-guilt question, we cannot expect foreign countries to believe that we are ready for honest argumentation and that there is nothing for us to fear in airing the question.

Koch-Weser makes it very clear that the Stresemann policy of conciliatory foreign relations has and has had his complete sympathy; that it represents the desire of the great bulk of the German people. He fully realizes that if only by reason of her peculiarly isolated and girdled geographical position, peace with all the world is her only salvation; war was the surest method of her destruction. He is an intelligent spokesman for Germany's desire to solve the terrible problems in which the war bogged her and her neighbors; to work them out in her own way and with her own resources.

RUDOLPH OLDEN, of the Berliner Tageblatt, is one of the best-known journalists in Germany. When I visited President Masaryk of Czechoslovakia a year ago he had just been there, producing an extraordinarily vivid and intelligent interview. He knows how to draw a human picture, which is more than can be said of other biographers of Stresemann. The late foreign minister of Germany, as Olden depicts him, is a human being, not a flawless hero. One of the most discerning disclosures is of the tremendous revulsion that came to him when he first realized that the German people had been duped by the military leaders. One sees him growing, the light spreading within him. It is the long story of a man out of obscure beginnings, by inherent greatness forging himself and his way on the anvil of vast circumstance for his place among the immortals of history. Although greatly missed in the present juncture, the truth is that he finished a great work, and in the finishing of it burned himself out. Germany's international future must be built upon the foundations to which he contributed more than any other man.

THE Hindenburg biography, the most interesting and discriminating that I have seen, completely destroys the legend of a superman, and incidentally throws strong light into obscure corners of the history of the war. Emerges from it not a German Washington but a normal product of militarism after the strictest sect—a slave of Obedience sometimes quite absurdly naive about it—who desires only to know the identity of the sovereign whom he is to obey, to whom he is to be loyal with every fibre of his being. All his life he served, with something almost servile about the fealty, the House of Hohenzollern. When sovereignty in Germany was invested in a republic, he followed it thither. The Fatherland summoned him to the presidency; stolidly, with the unquestioning obedience that has been the whole technique of his life, he marched to the place assigned to him and does his duty there. He has no compunctions about it; indeed, "It's not such a bad constitu-

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tion," he said upon reading the charter which empowers him; but—his not to reason why. The story of the man, exceedingly well-written, with fine reserve and a certain grim irony inherent in the subject-matter, by an American woman long resident in Germany and her husband, who after the war was Central European correspondent of The Manchester Guardian, is naturally inextricably interwoven with that of the war, in which he played a part very great though, as one clearly sees, not so great as that which war-time legendry gave him. Perhaps the impression of stolidity and wooden obedience is exaggerated. I believe myself that this old soldier has much more of imagination and initiative, of depth of conviction and personal enthusiasm than these authors give him credit for. But on the whole one cannot escape the totality of the picture, of a doughty figure for whom "Verboten" and "Gestattet" are law and gospel, the Urim and Thummim of ultimate morality. Just now I believe him to be peculiarly the right man in the right place.

JOHN PALMER GAVIT

A color etching by T. F. Simon, courtesy Rudolf Lesch in The Christian Herald

Book stalls on the Seine

What's Wrong with Porto Rico

PORTO RICO AND ITS PROBLEMS, *by Victor S. Clark and associates. The Brookings Institution. 707 pp. Price $5.00 postpaid of Survey Graphic.*

THAT Governor Roosevelt's plea for Porto Rico was not a political manoeuver but actuated by the acuteness of the economic maladjustment, is revealed by a reading of Porto Rico and Its Problems. The findings of this survey by the Brookings Institution is the most thorough and complete study of Porto Rico available.

The major problem is the oversupply of labor. Several chapters show that this has created low wages, unemployment, and inadequate subsistence. Food costs more than in the United States, yet the wage of the common laborer, who supports an average of five others, is less than one dollar a day. In one of the principal cities, 27 per cent of the adult laborers are continuously unemployed. The laborers live on a diet of rice and beans, barren of vegetables and fruits despite the tropical climate which makes the growing of the latter comparatively easy.

One finishes the book with a feeling of anxiety. Since emigration sufficient to relieve the over-population is impossible, production must be increased. In agriculture, the profitable production of the three major crops—sugar, tobacco, and coffee—is today near the maximum. Experiments are being conducted in the growing of vanilla, cocoa, mulberry trees for silk worms, and fruits. The prospect for increased manufacturing is more encouraging. Although lacking raw materials and handicapped by high interest and unfair steamship rates, Porto Rico has a large supply of labor that learns quickly, and the great protected market of the United States. In the last few years canning and needlework have shown increased output.

Fundamentally, Porto Rico's problem is one of health and education. Over 90 per cent of the people suffer from hookworm, and 61 per cent of the country people over ten years of age can neither read nor write. Yet despite these gloomy statistics, it is in just these two fields that Porto Rico has made the greatest progress since the United States took control in 1898. Today, 37 per cent of the total budget goes for these two activities. Since 1900 the death rate has fallen from forty to twenty, and school registration has quintupled. Education is based on the teaching not so much of classroom subjects, as better methods of living and of production. Vocational and agricultural education and home economics are the instruments for building up a well-educated rural population. Whether an enlightened peasantry will be contented to work on land three-quarters of which is owned by corporations, is a question that worries the landowners today.

The author and his associates have presented a mass of statistical data to reinforce every statement. An appendix prepared by three Porto Rican investigators contains additional illuminating data on the peasant, external trade, and the principal agricultural crops. Yet despite this detailed analysis, one wishes that less space had been devoted to discussion of government organization and the budget, and more to social and educational problems. After all, Porto Rico's hope does not lie in an improved government service so much as in educating the mass of the population to more intelligent methods of living and working.

Institute of International Education LAURENCE DUGGAN

Tudor Racketeers

THE ELIZABETHAN UNDERWORLD, *by A. V. Judges. Dutton. 542 pp. Price $6.00 postpaid of Survey Graphic.*

THE author of this intriguing collection of old documents is a professor of history in the London School of Economics. He wonders why historians have so long neglected the rogue literature of Elizabethan times, and the answer is that historians have been more interested in events than in human relations. Truly the documents assembled in this volume are a mint of information on social conditions during that revolutionary transition from feudal ruralism to the beginnings of industrial urbanism. The highway and forests, and all the vacant lots besides, were crowded with vagrants, rogues, families dispossessed, gypsies, peddlers and fakers. As the years passed all these outcast classes and types began to develop traditions and customs of their own. A number of contemporary writers wrote about these vagrant classes, in fact, a very rich and realistic literature sprang up. Much of it perished, but some of it, thanks to the antiquarians, endured.

Judges has collected and published a number of these old essays, pamphlets, poems, and stories as data on social and economic conditions. He supplements the original documents with copious notes and an introductory analysis. They throw considerable light on the Elizabethan social order but they are no less valuable if one only wants entertaining reading. Take,

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for instance, the Caveat for Common Cursitors, written by John Harmon in 1566; Harmon was a sort of roadside magistrate who spent years chastising the wandering rogues. His book is a warning to other magistrates telling them how to deal with outcasts and for their benefit he classified the types of "mischievous mislivers."

Some of the other documents, written sometimes as slum literature for public sale, were copies of others; in fact, there seems to be a great deal of borrowing back and forth. Thomas Dekker who wrote The Bellman of London included in this volume, was probably a master plagiarist. The same is said to be true of Robert Green, called by a contemporary "a scholar, a discourser, a courtier, a ruffian, a gamester, a lover, a soldier, a traveler, . . . a cozener, a railer, a begger, an omnigatherum, a gay nothing." Five of his pamphlets are included. There is an extensive glossary of terms, or what one of those early writers called the "lewd, lousy language of these loitering lusks and lazy larels."

NELS ANDERSON
Seth Low Junior College

"Some Measure of Greatness"

ADAM'S REST, *by Sarah Gertrude Millin. Liveright.* 315 *pp. Price* $2.50 *postpaid of Survey Graphic.*

THE pattern of this novel is that of a gently flowing stream. Its curving lines cross and fade and reappear to cross again; but always there is the sureness of life seen whole. In her earlier book, The South Africans, Mrs. Millin has given a sample of that solid knowledge of the basic facts of South Africa which underlies all her novels. It is the rugged earth suspected rather than seen beneath the calm realism of her interpretations. But it is in the warm pigments of the main design of her stories, in the individual strands of human experience, rather than in the more broadly indicated backgrounds that we feel the real meaning of South Africa. Her novels give us authentic portraits of people, very much like ourselves, in their response to a unique social setting. Authentic because they are sincere, simple in outline, intimate in their appeal.

Again we find ourselves in a small town of the Cape Colony, watch its children grow into early manhood and womanhood, into maturity. But the sly satire of some of the author's earlier images of men and women has here made way for a more comprehending sympathy. A single introductory page sets the tone that is maintained to the last: a reflective and patient receptivity for that essential quality in each of the small group figures which touches even the most commonplace with beauty and some measure of greatness.

Again the peculiar racial situation of South Africa provides its undercurrent of conflict; but here it is not the major theme unless with anthropological inquisitiveness we make it so. It is true the life of the Lincoln family would have been very different had it not been for the constant eruption into it of the social ambitions of colored folk, and for a sensitiveness to race distinctions inherited from earlier days when these distinctions were so clearly marked that they hardly entered into consciousness. For a study of race attitudes in a period of social readjustment the book offers reliable information. But its main importance lies in the realm of literary values; for, through her art of quiet and almost unaccented narrative Mrs. Millin kindles in her readers that compassion which lifts them out of their own time and its immediate problems to realize the mystic splendor of our common human destiny.

The Inquiry BRUNO LASKER

Law vs. Crime

CRIMINAL JUSTICE IN AMERICA, *by Roscoe Pound. Holt.* 216 *pp. Price* $2.00 *postpaid of Survey Graphic.*

THE distinguished dean of the Harvard Law School, Roscoe Pound, delivered these five lectures on the Colver Foundation at Brown University on Criminal Justice in America. If a problem clearly stated were always half solved, Dean Pound's book would take us at least half way out of our difficulties in the field of criminal law and its administration. Unfortunately a state of affairs better than the one existing depends on getting large numbers of people, some of whom have an adverse interest, to act along the indicated lines.

With a splendidly refreshing and stimulating scope of scholarship, and with a penetrating analysis, the argument moves on to its conclusions. It is too finely knit for adequate review. One can only make a few remarks. When Dean Pound says that "the end of law is the adjustment or harmonizing of conflicting or overlapping desires and claims, so as to give effect to as much as possible with the least sacrifice," one feels that he is importing an "ought" rather than stating a fact. The sophist who remarked that law is the will of the stronger came closer to fact than subsequent centuries of sophistry have been willing to profess. Fortunately the will of the stronger does generally include elements of complex human nature other than selfishness.

Though Dean Pound obviously appreciates the beauties of his lawful wedded wife, the English Common Law, with its statutory extensions and modifications, one gains an impression that he feels something of the lure of the exotic European lady of Roman ancestry, and that he wonders if his spouse may not be induced to assume some of the foreign graces. It is among his themes that part of our trouble with the administration of criminal law comes from carrying into an industrialized, urban life an Eighteenth Century system adapted to a rural and pioneer social order. At the same time he says that the rural representative majority in the state legislatures presents one of the obstacles to change. So we are not entirely urban after all. Shall we elaborate a system with an eye single to urban conditions? Or is it possible to so change our criminal law administration as to fit equally both the urban and the rural?

Dean Pound does not dwell on the great need of our law, civil as well as criminal, for a decent use of the English language, including style in its larger aspects of arrangement. The legal mind is at once one of the best and one of the worst of mentalities. Law, of necessity, engages in drawing lines, making distinctions. A hair divides the false and true. And this must be so. It were well, however, that the hair were a pronounced brunette readily discernible on white paper.

New York City HASTINGS LYON

Up-State Drama

THE BIG BARN, *by Walter D. Edmonds. Little Brown.* 333 *pp. Price* $2.00 *postpaid of Survey Graphic.*

RALPH WILDER had conquered the wilderness. In the late 1850's his house, the largest in the county, and the most comfortable, dominated a fertile valley, and behind it were forest and deer-park. The village and county knew him for a man, a hard man, but a dependable, dramatic one. He was aware of his own worth. He had come to sixty years on his own merits, and his ambition was to realize, through his sons and their families, if they were to have any, a sort of dynastic security that was not unmingled with his love for the valley. His daughters, all save Joan, had married and gone to the West with their husbands; Henry was bringing Rose, his Boston bride, home—Henry the dreaming, complaining Latin scholar and Abolitionist, ineffectual away from his books and not of much account there, as his father suspected. Bascom remained his father's hope—Bascom, wild and untamable, always getting mixed up with women, in trouble of one sort or another continually, the favorite of the family, by far the most lovable, most daring, and most dangerous of the Wilders.

With the coming of Rose (who saw her husband in a new and scarcely pleasant light when she came to understand his family, the family he hated, despised) there was bound to be

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drama: drama that involved them all. The building of the big stone barn, the most ambitious project of the countryside, lies in the background, a symbol, beyond its reality, of Ralph's ambition and of growing, changing America. All the neighbors work on it; the issues of abolition and southern rebellion are talked out in the building of it; neighborhood issues come to a head in its rafters, jealousies smoulder in men working side by side. When Lincoln called for troops, a company formed at Ralph's barn on the last day of its building.

Mr. Edmonds, whose Rome Haul (set in the same country, along the Erie Canal) received so much attention last year, and deservedly so, has recaptured an interesting period for us in The Big Barn. And more than that: the country he describes is a new region discovered for the geography of American literature. In addition to being an important historical novelist, Mr. Edmonds is one of our very few first-rate regional novelists. He knows his country and the people; and the people not as types but as very decided individuals. Mr. Edmonds writes of farm and village life with a shrewd knowledge of its values and relationships; frequently his insight and divination approach the inspired; there is writing in this book that can take rank with Mary Webb's and Henry Williamson's and Willa Cather's. His work is too interesting and too important to miss.

COLEY TAYLOR

New York City

The Church in the Balances

THE CHURCH AND ADULT EDUCATION, *by Benjamine S. Winchester. Richard R. Smith. 174 pp. Price $1.50 postpaid of Survey Graphic.*

THE COUNTRY CHURCH AND PUBLIC AFFAIRS, *edited by Henry W. Laughlin. Macmillan. 260 pp. Price $2.00 postpaid of Survey Graphic.*

THE PROTESTANT ETHIC AND THE SPIRIT OF CAPITALISM, *by Max Weber. Scribner. 292 pp. Price $3.00 postpaid of Survey Graphic.*

THE relation of Christianity to the solution of many of the social problems of the world today seems destined in itself to become a major social problem. Here three writers present attitudes quite at variance yet all tending toward the same goal. Dr. Winchester possesses the most vital interest. The observer is likely to think the book deals with efforts and means for the removal of illiteracy. It has this purpose, but it would have the church take its rightful place as an agency for teaching people the fine art of living together, to aid in the development and conservation of human values, to suggest means of training for adjustment to the complexities of life in a machine civilization.

Dr. Winchester casts into the region of the absurd the assertion of the Jamesian psychology that a man can learn nothing new after the age of twenty-five. He holds that attitudes and purposes determine more fully the possibilities for learning than do age limits. Dr. Winchester makes a careful appraisal of the means available in the rural church for carrying on the education which he proposes, and finally lays down some definite plans for existing conditions. His book is suggestive, constructive, and displays keen and accurate conceptions of the needs that must be met if the church is to function efficiently in the building of a Christian civilization.

In spite of the sense of discouragement that is so often apparent when the case of the country church is under consideration, involving as it does the record of long lists of abandoned churches, a poorly paid ministry and consequently poorly prepared pastors, the narrow margin of service that accrues when these pastors serve as high as six or more pulpits, the sectarian competition that is all too common, the writers of the volume edited by Dr. McLaughlin see no need for discouragement. Indeed they have collaborated in a very optimistic book. All agree that the rural church at the present is beset by three very apparent weaknesses. First, the church as a rule is not concerned with the community as a whole. It fails to apprehend values lying outside its individual membership. Second, the rural church is more or less a class church. It is too often controlled by the merchants, the larger landowners, the country banker, and other powers. The laborer of the tenant-farmer finds no church home. Finally the rural church has no definite program fitted to the changing needs of the community as a whole. The various contributors who were gathered under the direction of the Institute of Public Affairs of the University of Virginia make of this volume a veritable library of information relative to means for combatting these weaknesses. They attempt no dogmatic determinations. They state freely individual opinions formulated on the basis of individual study and observation. The reader can measure the value of the arguments presented and develop his own attitudes.

Professor Weber's book is one to be studied or to be let alone. It is heavy reading, over-weighted with notes, and fully representative of German erudition at its limits. It may have no place on the table of the casual reader, but it is a book of real value. For the student of social science in its relation to religious thought, there will be many surprises as Dr. Weber unfolds the results of his studies of the relation of Christian ethics and the practices that are fundamental in the commercial and industrial life of today. He indulges in penetrating analyses of the ethical standards of Luther and other leaders of the Reformation, of Wesley and Methodism, of the various sects of Baptists, and the results are startling. "Capitalism was the social counterpart of Calvinist theology." Interest, profits, exploitation of labor, long the subjects of adverse judgments by the church gradually became recognized as ethical. Dr. Weber's book is direct and illuminating in its analyses and bids fair to rouse sharp controversy.

G. O. MUDGE

Raleigh, North Carolina

Back of the Himalayas

HIGH TARTARY, *by Owen Lattimore. Little, Brown. 360 pp. Price $4.00 postpaid of Survey Graphic.*

OWEN LATTIMORE is a thorough humanitarian rather than a scientist. He tells us of the people encountered during his amazing journey through Chinese Turkestan. He speaks of them as spiritual beings, does not explain them as an anthropologist. He has lived with the people of whom he writes and his portrayal of them will be discomfiting to the smug Anglo-Saxon. One finds that the lowly Chinese trader or Mongol herder very often possesses a charm of manner and dignity of thought not generally found in the younger races.

Mr. Lattimore and his bride carry us with them on this fabulous journey through deserts, over great mountain passes, into forbidden cities until we stand, with the ghost of Genghis Khan, at the entrance to India, the Himalayas at our feet. It is a journey of some peril, considerable hardship, and thorough enjoyment of everything—caravan men, ancient trade routes, forbidden cities. Mr. Lattimore writes with knowledge and insight, in a delightful style. High Tartary ranks among the important travel books.

JOHN C. NELSON

Cincinnati, Ohio

Frontiers and a Pioneer

WESTWARD, THE ROMANCE OF THE AMERICAN FRONTIER, *by E. Douglas Branch. Appleton. 627 pp. Price $5.00 postpaid of Survey Graphic.*

JOHN MARSH, PIONEER, *by George D. Lyman. Scribner's. 394 pp. Price $3.50 postpaid of Survey Graphic.*

THESE two books illustrate the growing interest in the field of American history. Each one treats of the frontier, but the results were achieved by diametrically opposite methods. In the first a composite picture is built up through a series of monographic studies, many of them brilliant; in the second, the life experiences of an individual serve to illumine living history.

Mr. Branch's book is perhaps (*Continued on page* 172)

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the first comprehensive popular account of the march of westward settlement. As a first view of that complex, seemingly unrelated series of migrations beginning with the first offshoots of the Jamestown settlement in the early seventeenth century, the interested reader glimpses something of the many changes that ended with the organized colonization schemes of the transcontinental railroads in the eighties and nineties of the last century. Chapters on Life and Labor in the Backwoods, The Independent State of Franklin, and Concord Coaches on Westward Trails, are gems of compression with detail which render them invaluable for the light they shed on pioneer conditions of living. In fact, all that is in this book is excellent—the only quarrel that can be made, is that there is too much.

Mr. Lyman, on the other hand, is either a more cunning sifter of material, or else the chronicle of a man is intrinsically more interesting than the history of a movement. Out of an experience on six frontiers, Mr. Lyman has drawn a picture of George Marsh that serves as a social history above which looms the mysterious, but powerful figure of his hero, a man who left the impress of his personality on every community in which he lived.

George Marsh, restless, adventurous graduate of Harvard University (Class of 1823), carried two things with him in all his wanderings on six frontiers—the aura of eastern culture and all that that signified to the pioneer communities in the west, *and* his Harvard diploma. In Minnesota he tutored the children of Colonel Snelling and became Indian agent among the Sioux. He is reputed to have been the cause of the Black Hawk War. Fleeing from the embarrassments of a family "born under the rose" and a warrant for his arrest, he eventually made his way to the sleepy pueblo of Los Angeles in 1836, where he applied for a license to practice medicine as the first white doctor in California. He was given this authority on the strength of his Harvard diploma, which neither the city council nor the Mission Fathers at San Gabriel were able to translate from the Latin. Business was brisk but pay came in the common article of barter in the village—cowhides—and the young medico fled from his avalanche of riches and bought a fifty-thousand-acre ranch in the San Joaquin valley about forty miles from San Francisco. This was so far out in the wilderness at the time that the authorities would not venture even to confirm his title to the property.

Here "Doctor" Marsh again set up as a physician, but in order to stock his ranch he took his fees in cattle—on the hoof. Soon he became one of the cattle barons of California, and enormously wealthy from trade with the hordes of settlers who came overland in forty-nine and the early fifties. Marsh's Landing became the center of the trade to the mines, and his cattle found a ready market at fabulous prices. All of his private fortune (in gold) was buried somewhere about his ranch, and from the time of his murder in 1856 to the present day, the hiding place has never been discovered. OAK AMIDON

Los Angeles, California

MASS CREDIT

(*Continued from page* 124)

the highest is 36 per cent. Axias average about 24 per cent. The small-loan laws of most states allow personal-finance companies to charge 42 per cent (3½ per cent per month) but some have set the maximum at 36 per cent (3 per cent per month) and a few at lower limits. The Household Finance Corporation has voluntarily reduced its rates to 30 per cent (2½ per cent per month) even in states which allow higher rates. Pawnbrokers are usually allowed to charge from 24 to 60 per cent and in one state, New Mexico, 120 per cent is permitted. The loan sharks run from the usual rates of 240 and 480 per cent up to 1000 per cent or more. No legislative restriction has been enforced on instalment credit rates. These, like small loan charges, vary widely both in method of calculation and amount. They probably run from 10 to 25 per cent a year—although no thorough study of them has yet been made.

When all the different rates are reduced in this way to a common denominator, the (*Continued on page* 174)

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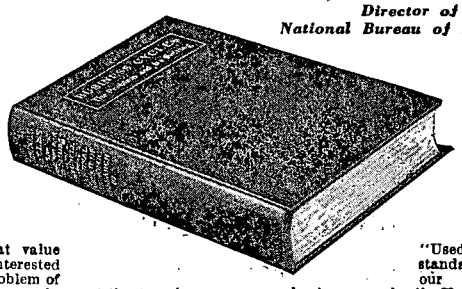

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(*Continued from page* 172) borrower has a real chance to compare them. He learns that on instalment repayment loans the actual rates of the discount companies are more than twice as much as they seem to be, that when charges are levied by the month they must be multiplied by twelve, and that investigation fees must be added at a little more than double the percentage given. When rates are reduced to the same single standard, the borrower without bank collateral finds he must pay anywhere from twice to seven times as much for a loan as the man of property.

At first this seems almost an economic scandal. While the writer has no intention of implying that some of the rates for small loans could not be reduced without ruin to the companies that charge them, it is only fair to point out at least two mitigating circumstances. In the first place, retail prices are always higher than wholesale. In a sense the small-loan business is retail finance. Dispensing goods or services in small units is always more expensive than in large. The amount of overhead per piece varies inversely with the number of pieces sold at a time. This is as true of dollars as of doughnuts.

But an even more important factor in higher rates is the great differences in the cost of investigation and collection. This applies to all small-loan agencies in varying degree. The personal-finance company, for example, must not only check up very carefully on the borrower's character and earning power but must send a trained investigator to assess the value of his chattels. Then, too, because of the relatively low business reliability of its clientele, the cost of dunning delinquents is exceptionally high. In contrast, a commercial bank making a loan on gilt-edge collateral, has no investigation costs and only a broker's fee in selling the securities if the borrower fails to repay his loan.

OF the legitimate small-loan agencies, the personal-finance company costs the most to operate, the pawnshop and credit union the least. Because only members can borrow from a credit union, and these are usually well known to the loan committee, investigation costs are low. The pawnshop has none, but the market for pledges presents considerably more risks than that for the listed securities which a bank may find on its hands, and storage and insurance costs are high. The co-maker-note business requires a good deal of investigating, and collection costs are much greater than those in regular banking; but concerns in this field always insist on responsible guarantors and rely heavily on them both in dunning and recoveries.

Although the figures have never been accurately compared, it is probable that it costs about twice as much to run a credit union or a pawnshop as it does to run the collateral-loan service of a regular bank. The co-maker-note business probably costs about twice as much and the chattel-loan about four times as much as the credit-union to operate. No thorough study has ever been made of the running expenses of the various types of agency, however, and until this is done no final judgment can possibly be passed on rates. But enough is known about them to dull the edge of surprise over the large differences between them.

During the past three years attempts have been made in several states to lower the maximum of 3½ and 3 per cent a month which personal finance companies are allowed to charge. Within the year the New Jersey legal maximum was reduced from 3 to 1½ per cent. The chief argument used in advocating this change was to cut down the "42 per cent a year" which seems, on its face, extortionate. The companies replied that they could not make money on less than 3 per cent and would shut up shop if the rates were reduced. The loan sharks apparently agreed, for they joined with the well-meaning folk who were shocked by the "42 per cent" in lobbying for the reduction. But even stranger is the lack of popular outcry against the pawnshops. As a rule they charge as much, if not more, than the personal-finance companies, yet they cost only one-half to one-quarter as much to operate.

All of which is eloquent of the chaotic state of public policy toward mass finance. It is largely due to an abysmal ignorance of the facts—even the companies themselves often do not know their own operating costs. Here is an industry that intimately affects every man, woman, and (*Continued on page* 176)

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(*Continued from page* 174) child in the United States, except those of substantial wealth, and the wise operation of which is essential to our national prosperity; yet it has been almost completely ignored by economists, and legislators have failed to work out satisfactory principles of regulation.

But the day of recording, if not of reckoning, is at hand. The public opposition to "high" rates is forcing the companies themselves to seek publicity for their operating costs. A semi-public-utility status would seem inevitable for all mass-credit agencies. Full financial and operating reports from all of them and the right to inspection of their books should be given by law to state authorities. Whether or not maximum rates should be fixed by law is a more debatable point. But one thing is certain: any such legislation should be predicated on a scientific study of operating costs and net income. So far this has never been the case.

RIDING THE CREDIT-UNION CIRCUIT

(*Continued from page* 141)

listened to them all.

We have—there can be no serious doubt about it—a chamber of commerce complex in the United States, and we were well into the mass production of luncheon clubs when Henry Ford was still tinkering with his first model out in the woodshed. Our national indoor sport is played in a paper hat as we sing praises to ourselves during the luncheon hour after the fruit-cup, the cold ham and its inseparable soul-mate, the potato salad, the cup of not particularly good coffee, and the somewhat melted ice cream, with the little cookie alongside—alongside the ice cream, of course, I mean.

But there is a vast value in this cooperative process—which the farmer has not yet come to appreciate. When the tired business man leaves his ledgers and climbs into his yellow and green zouave pants and laces up his bright yellow leggings and cocks his betasseled fez on the top of his new haircut and entrains for Atlantic City—the very fact that he knows he would never have had the courage to do it alone helps him to understand cooperation. He appreciates that he can get away even with the ridiculous if his comrades, each in yellow and green pants to match, will march shoulder to shoulder (or possibly stomach to stomach) with him. When the band begins to play and a fellow starts to strut a bit, if he is strutting in step with some other fellows, arrayed even as he, he senses that man was not created to strut alone.

The pleasantest part of this whole circuit-riding business is the realization that comes inevitably that human nature is, after all, so very human. In credit unions we are making some happy discoveries. We find everyday folks capable of handling appreciable financial business honestly and efficiently; we find that banking can be humanized; we learn that usury is not inevitable, but that by adequate diagnosis and proper remedies it may be permanently eliminated; we discover that there is something real in the parable of the Good Samaritan. Before we are through, we may make the astounding discovery that the Brotherhood of Man is good business.

THE SPREAD OF CREDIT UNIONS

(*Continued from page* 135)

mitted their formation. An important step ahead was taken, however, in 1917, when a league was organized in the Dennison Manufacturing Company in Framingham. Henry S. Dennison, president of this company, a man of extraordinary social vision, later became director of service relations of the United States Postal Department, and organized the first credit union among postal employes at Brockton, Massachusetts. It proved a success from the start and others followed. The postal service, proverbially a fertile field for the loan sharks, proved to be the most favorable ground for credit unions. Five years later there were 170 such organizations in the service, with a membership of twenty-five (*Continued on page* 178)

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This book holds interest for the worker, the employer, the informed citizen, the student. It is particularly adapted to the use of study groups, for it supplies a basis of fact and provokes discussion by opening up many controversial questions. The papers are grouped under the general headings of the emergence of industry in the South, recent labor unrest, welfare work, child labor, and comparisons of the Old South with the New South.

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(*Continued from page* 176) thousand, doing a business of $7,000,000.

The New England Telephone Company employes were also pioneers. Their first credit union was organized in Boston in 1917 with an initial capital of $4.50. Today that one unit alone has assets close to a million dollars and a membership of over seven thousand. Other units have been formed in four other states with a total membership of fifteen thousand and assets of over a million and a half. The railroad workers have, similarly, forged ahead. On the Rock Island System alone, twenty-nine credit unions have been organized. The Brotherhood of Railway Clerks have set up seventy or more in their lodges.

On the whole, credit unions have flourished best in homogeneous groups like workers in a single factory or government department. Approximately 40 per cent of existing unions are in industrial groups, and 30 per cent in government agencies and public utilities. Communities form the basis for 20 per cent and labor unions 5 per cent. There are a few rural credit unions and some among social organizations. Six posts of the American Legion, for example, have adopted the idea. Credit unions are also being established among Roman Catholic parishes which promise to be excellent groups for cooperative savings and loans.

In states in which fifty units are in operation credit union leagues are organized for the purpose of furthering their mutual interests. Leagues already exist in Georgia, Illinois, Indiana, Massachusetts, Minnesota, Missouri, and New York and several more will probably be formed within the next few months. When the total reaches fifteen, a national federation will be formed to forward the movement on a nation-wide scale.

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The elder Morgan discovered many years ago that "character is the best basis for credit." Character is a relative term, and a good man in many social relations may be a very bad man in many others. A politician may be true to his wife and still untrue to his public trust. A gangster may be true to his gang while his word to the rest of us may be utterly unreliable. What Morgan meant by character was doubtless an acceptance of the responsibility involved in current financial practices, and this acceptance was based upon a clear conception of the financial mechanism and of the human relationships accompanying it. Morgan himself would probably not have loaned much money to an unknown applicant who came to him with no better security than a certificate of character from, say, his mother, his Sunday school teacher, and his pastor. Morgan was a good churchman, too, and might easily have been impressed by such testimonials, but not as security for a loan.

Character in relation to a loan requires another kind of testimonial; and when it comes to small loans covering the average person's little financial emergencies, the large institution is not in a good position to discover what the obscure little fellow's financial character really is. His personal friends, his associates, particularly those who are engaged in much the same line of work under much the same conditions and for much the same pay, are in the best possible position to size him up. Even they might "recommend" him for employment elsewhere, or even for a loan which they themselves would not be called upon to pay; but if they are his banker, they are about the safest and most efficient banker he can have. They can trust him where the great banks could not, for ignorant as he may be concerning the money system as a (*Continued on page* 180)

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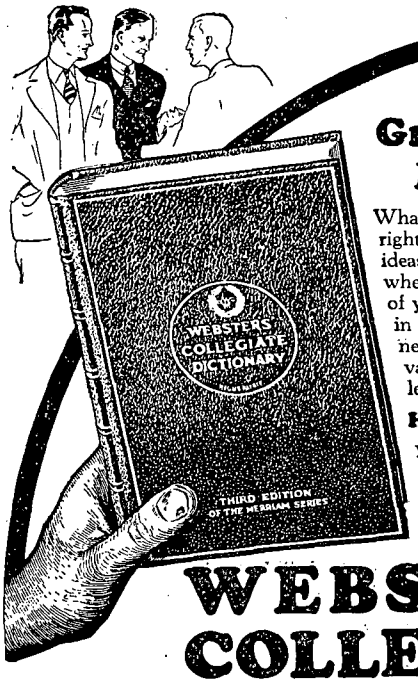

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City and State .....

(*Continued from page* 178) whole, he thoroughly understands his responsibility to the little group with which he is cooperating, and people are not likely to default upon relations which they thoroughly understand.

Because it does not have to employ a large staff to investigate the borrower and check up on his capacity to repay his loan, because its officers serve without pay or at low salaries, because expensive office space and advertising is not necessary, and because it does not have to pay high rates for its working capital, the credit union can operate at less cost than any other small loan agency. Because in turn costs are low, rates also can be —and are—low. The usual maximum charges on credit union loans are 1 per cent per month on unpaid balances—12 per cent per year, actual interest rates. But, it must always be remembered, the credit union borrower makes a profit on his own loan through dividends paid by the organization—in effect a sort of rebate which reduces the actual cost of his loan. In 1929, the average dividend rate of Massachusetts credit unions was 6.8 per cent.

ALREADY in many credit unions the problem has ceased to be one of how to provide the membership with small loans needed in the ordinary emergencies of life, and has become one of how to invest the surplus which is piled up. There are still only 300,000 credit union members in the United States, and the use of this surplus is not at present one of the great factors in American finance. All signs indicate that it will soon become such. For the credit union movement at last has won its fight.

It has now demonstrated its possibilities in the small-loan field, and opposition which so long blocked its path has almost disappeared. Four fifths of the states have already passed the necessary enabling legislation, as a result of strenuous work by the Credit Union National Extension Bureau since its organization ten years ago. This was the first and main objective of the Bureau. The second objective, of course, was the actual organization of unions in these states. Now it is assisting in the organization of the state leagues leading up to the national association which will thereafter have permanent charge.

Since I was the organizer of the National Extension Bureau, I find myself sometimes glowingly eulogized as "the man who organized a thousand successful banks and never received a cent from any of them"; but gratified as I am for the part that I have been able to play, I feel that the eulogy is quite undeserved. It is Roy F. Bergengren, executive secretary of the National Credit Union Extension Bureau, who should be eulogized. It was his talent, his tact and, above all, his untiring religious devotion which made this work possible; and if I read the signs of the times aright, the structure built upon this devotion will stand. But mass financing had to come and it has come.

AS to how the credit unions shall employ the great financial power which is coming to them, I find myself a most eager observer. I believe that they will use this power in line with the development of mass production and mass distribution, and that will develop thrift among their members by the encouragement of processes which would have seemed anything but thrifty twenty-five years ago. I believe, for instance, that they will encourage wise spending; that they will not develop competitive cooperatives after the manner of the old-time European organizations but will help to finance consumption of all sorts of comforts and even luxuries, such as automobiles, radio sets, electric refrigerators and household appliances, even domestic and foreign travel, wherever the production of these things is carried on according to the most scientific mass production principles and therefore at the lowest possible prices. They will encourage their members to borrow, I believe, not merely to tide themselves over emergencies but to maintain a reasonably high standard of living. For consumption must be financed if there is to be general prosperity. The union which enables a member to finance the purchase of a radio or refrigerator will be giving employment to radio and refrigerator workers;

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and these, through being employed and therefore retaining *their* buying power, will be giving employment to others.

This process is still a mystery to the ancient type of financier; it is difficult for him to see that mass production demands not merely an extension of buying power, but that this buying power shall be extended to the masses generally. But there is no other answer. There is no other economy. It is the economy of high wages instead of low, the economy of low prices instead of high, the economy of steady work with more and more leisure to use the ever-increasing volume of better things which we are cooperatively manufacturing. It is the reverse of the practice of frequent shut-downs and long periods not of leisure but of desperate futility.

There can be no human society without some sort of financial and credit system but how to democratize it has been one of the baffling problems of political history. Attempts merely to curb the ever-present "money-power" did not pan out, for they usually ended in curbing the credit upon which the social structure was erected. Democracy said that one man was as good as another and decreed therefore that one man's opinion should be as good as another's; but social evolution would not accept the dictum and reacted to the facts instead. We are beginning to understand in these days that one man's cooperation is as necessary as another's, and to look for our democracy not among the opinions of those who do not know, but in the constructive participation by everybody in a society built for all.

BOOTLEG LENDERS

(*Continued from page* 129)

from Atlanta and Louisville were operating in the state. Opposition to the amendment was headed by an ex-district attorney, a national committeeman, and others. The Ohio State Journal on February 28, 1929, said in a feature story, "The measure has been opposed by what is regarded as the most vicious lobby of the present session, operating from rather notorious headquarters in one of the down-town hotels." Every effort was made to delay or kill the bill. Legislators were swamped with anonymous mail. Counter-legislation was introduced and legislators were "approached." The bill passed only because every better business bureau in the state actively campaigned for it.

The combine owns and operates a printing press, from which issues vicious propaganda. The combine employs lobbyists and pseudo-labor leaders to incite local labor groups against regulatory legislation. In Oklahoma charges were presented to the grand jury in 1929 that the loan sharks had attempted to bribe certain legislators. The loan sharks have boasted, too, of their influence in having a governor of a Mississippi Valley state veto a loan bill before him for signature, and of a $100,000 pot for use in Ohio. Loan sharks in the United States have probably two million customers. No wonder they fight for territory.

At present licensed and regulated companies are making loans in twenty-four states to three million families, with a minimum of distress for this type of loan. Fully 20 per cent of these loans are being made at rates less than the maximum by companies that have found means of cutting costs. Other reductions will come, mainly from competition which is cutting a wide swath in the field.

But again I wonder. Here are five million people, mainly heads of families, finding it necessary to borrow money, to reborrow it, and refinance. Where are our thrift institutions? What better argument for a savings account than the five million borrowers from licensed loan companies and loan sharks? Five Kentucky cities have 71,095 persons borrowing from loan sharks, a "thrift" account of $100 each would do away with the necessity. What savings institution in Minneapolis couldn't use twenty thousand new accounts that are now paying blood money to usurers in the city?

The Old Lady at the Woman's Club couldn't understand it. Neither, also, I.

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STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912, of SURVEY GRAPHIC, published monthly at New York, N. Y., for October 1, 1930.

State of New York, County of New York, } ss.

Before me, a Commissioner of Deeds, in and for the State and county aforesaid, personally appeared John D. Kenderdine, who, having been duly sworn, according to law, deposes and says that he is the business manager of the SURVEY GRAPHIC and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication, for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411, Postal Laws and Regulations, printed on the reverse side of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business manager are: Publisher, Survey Associates, Inc., 112 East 19 Street, New York City; Editor, Paul U. Kellogg, 112 East 19 Street, New York City; Managing Editor, Arthur Kellogg, 112 East 19 Street, New York City; Business Manager, John D. Kenderdine, 112 East 19 Street, New York City.

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[Signed] JOHN D. KENDERDINE, Business Manager

Sworn to and subscribed before me this 22nd day of September, 1930.

[Seal] MARTHA HOHMANN,
Commissioner of Deeds, City of New York.
New York County Clerk's No. 146, New York County Register's No. 48-H-2.
Commission Expires March 30, 1932.

WHEN OSBORNE CAME TO SING SING

(*Continued from page* 158)

return for the privileges granted he asked that the men show better discipline, better marching, greater cleanliness, less noise in the cell block at night, better work and longer hours on Saturday afternoon in view of the fact that the moving pictures were now to be shown on Sunday afternoons instead. He further appealed to the men for cooperation with the elected prisoner officials and the regular prison guards. The meeting broke up quietly and in good humor, and, as already indicated, no infractions of the rules were reported on that day, and no serious violation in the month succeeding. They were mainly little things, these requests of the prisoners; but within a prison, as perhaps nowhere else, it is little things that count. Life is so cramped and drab that they determine the character and the quality of the existence of prison inmates.

As if by a magic touch, the atmosphere at Sing Sing was transformed. Old fears were gradually broken down and a sort of mutual good-will between the prison officials and the prisoners began to manifest itself. When Christmas approached these new influences found expression and Sing Sing for the first time in its history enjoyed its Christmas.

IN the first place, outside friends of Warden Osborne raised a Christmas fund and each of the 1600 prisoners was given some little gift. A man in prison almost never tastes sweets and there is an almost incredible hunger for them. The warden's household betook itself to distribute the gifts at night and there was a human touch in everything. The warden, though himself not a smoker, sent a box of cigarettes to every prisoner. They were labeled "Tom Brown," the name under which Mr. Osborne spent a week in a cell at Auburn. "Have one," said a prisoner to the warden's guest who had handed him the box. "It makes me feel like a regular warden myself to be able to offer a man a good smoke."

The old cell house had seen some unusual sights, and one was added to the list when three friends of the warden on Christmas eve came upon a pair of coarse prison socks hung outside a grated door cell. Inside, a gray-haired man lay asleep. Next morning he found an orange, a few nuts, and a couple of cigars, and he shared his amazement with a guard to whom he said that he didn't know that he had a friend left "outside."

---

[1] On the day previous the representatives of the prison inmates had prepared a statement embodying the suggestion of a prisoners' court, in the following letter:

December 5, 1914.

In accordance with your suggestion the Executive Board of the Golden Rule Brotherhood has formulated the following system for the trying of inmates on all charges. . . .

The Court shall consist of the Executive Board of the Golden Rule Brotherhood which shall choose its chairman at each meeting.

The Court shall sit daily in the chapel from 3 to 4 P. M. If further time is required the Court shall sit from 2 to 4 P. M.

The inmate against whom the report is made, may take charge of his own case, or may be represented by a friend selected by himself, and may have such witnesses called as he may desire, who shall be produced in court by the sergeant-at-arms. The institution shall be represented by an officer, designated by the warden, who shall be a spectator only, and take no part in the proceedings, and whose sole duty shall be to appeal the case to the warden if in said officer's judgment justice so required. The inmate may also appeal the case to the warden if dissatisfied with the decision of the court.

All questions shall be decided by a concurrence of at least three members of the court—no court shall be held with less than four members present. The Executive Board shall keep such records of its proceedings as may be necessary.

The Court may warn and caution the inmate, or may suspend him for a stated time from any or all privileges of the Brotherhood, and while so suspended he shall cease to enjoy his grade privileges, and shall wear on his arm a "bulls eye" the color of his grade disc.

If you will grant us the privilege of putting this system in operation, the Golden Rule Brotherhood will assume the responsibility for its results, and we believe this will relieve you of a great amount of detail work, while at the same time, it will give the inmates an insight into the principles of and of genuine participation in real self-government. We are prepared to put this system in effect at once if this meets with your approval.

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The holiday atmosphere spread. In the warden's absence the prisoners had transformed his quarters into a "veritable bower with two Christmas trees" and there were merry greetings on all hands. In the afternoon the premiere of a play by Owen Davis soon to be produced on Broadway by William A. Brady was given before the men. This was a great hit

and as one mingled with the crowd—serious faces now lighted up—it seemed as though the zest of life had suddenly flooded in. . . . The applause had just begun to die out from exhaustion at the end of the big smash of the third act . . . when the curtain parted and President Corper (of the Brotherhood) again stepped to the footlights to say:

"Is Warden Os—"

That's as far as he got for the moment. Never in David Belasco's entire career was he greeted with such roof-splitting cheers as those that exploded from the prisoners when the new warden's name was mentioned. . . . The minute he stepped to the footlights bedlam broke loose. . . .

While Osborne was speaking he was handed a telegram from the prisoners at Auburn Prison (Auburn where riot, murder, and arson now run loose) saying: "Just having dinner; everybody present but you." The men loved him and they showed it. Alice Brady, who played the leading role, had the following to say about her experience:

I should be a very happy girl if I could make my audience like me as well as Warden Osborne's audiences like him. The warden said he hated to leave Auburn, but he thought he would have as pleasant an experience at Sing Sing; and the men roared good-naturedly at him: "You bet you will, Tom Brown." It would make my dry up in my lines if they yelled, "Righto Mary Smith."

The day was drawing to a close. The plays were over and the players were gone with the cheers of the prisoners "ringing in their ears." The prison was locked up for the night. As Mr. Osborne and two friends settled down to dinner there was nothing to be seen but the blinking electric lights in the frosty air outside the prison.

. . . Suddenly the notes of a violin and small organ were heard; where they came from we could not tell; the very air about us seemed to condense into melody. Then the sweet voices of singers—lowered to a soft whisper—in that loveliest of old Christmas carols "Holy Night! Silent Night!" We could none of us speak. Instinctively we closed our eyes and listened. One at least of the three at the warden's table will confess that for a moment it was not easy to swallow,

so wrote Graham Taylor in The Survey of that year. It was a surprise to the warden engineered by the cook of the prison.

BUT the day was not done even then. The men in the dormitory sent word that they wished the warden to pay them a visit. There some of them entertained him with song; others chatted and shook hands; and finally they insisted upon a speech. Of all those who contributed to the Christmas fund the most generous was a prisoner. He had won a hundred dollars for the best criticism of the play presented and insisted on turning it in.

Between Christmas and New Year's further steps were taken to change the old Sing Sing into the new. The knit shop had always been known as the most troublesome one in the prison. The work was tedious, the prisoners mainly young. The shop always had a dozen or more disciplinary cases a day and sometimes serious assaults. In addition to the foreman there were two or three guards to look after the men. The new warden began right there in trying to change the morale of the prison. Three days after Christmas, he walked into the shop, stopped the machinery and made a short speech to the men. He was going to give them an opportunity to prove that they did not deserve the reputation they held. He was going to distinguish them from the other companies and that afternoon the whole prison population watched the strange sight of the worst company in the prison coming in from work under the leadership not of armed guards as heretofore but of their two delegates, one marching in front, one in the rear of the company. And such marching had never been seen in Sing Sing before.

Osborne followed this step with another and a bolder one—he returned to the shop the (*Continued on page* 189)

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(*Continued from page* 183) next morning and told the men that to show his confidence in them he would withdraw the prison guards and leave only the civilian foreman and the elected delegates in charge. "For," said Osborne to the men, "while I was told that you were a troublesome company you have made no trouble for me and I do not expect any. If I take the guards out there won't be any one to make trouble for and so there won't be any." There was a moment of tense silence, "an audible gasp—as of men suddenly plunged into cold water" and then laughter—good-natured roaring laughter that shook the rafters. The guards came out. The next day the delegates from the company came and requested that one of the guards taken from the shop be returned. They liked him and thought him square and would be glad to have him as assistant foreman. He discarded his uniform as prison guard and took on the job.

Osborne left to spend New Year's at home with his family in Auburn, and was gone for three days. On New Year's Day, Charles H. Johnson, the assistant warden, received the following message: "The brotherhood desires to give Mr. Osborne the surprise of his life on Monday morning when he returns from Auburn, by having all companies march to and from the mess hall in custody of their delegates." To make the surprise complete some one suggested that the guards be also taken from the mess hall. On Osborne's return he was met by grins on all sides and at the end of the morning he was asked to come down into the yard. As the noon whistle blew and the men came marching out of their shops there was not a prison guard in sight. The nearly 1600 men came swinging down the prison yard under their own elected delegates, all prisoners. And when they had turned into the mess hall Osborne was asked to step in. There too, not a single guard was to be seen. The men were eating their noonday meal, all in one big room and not a single guard in sight, only the elected sergeant-at-arms and his assistants. As Osborne walked in the men cheered and laughed, pleased with themselves as little children might be. The afternoon of his return one of the prisoners who cleaned the warden's clothing paused a minute in the door as he passed by and said: "What did you think of that surprise, Warden, wasn't that a dandy New Year's present?"

So began a new year in Sing Sing. All this had been accomplished in exactly one month's time. Before telling in my next article of the achievements the new twelve months had in store for Sing Sing, it may be in place to pause and ask what it was that Thomas Mott Osborne was driving at.

Under it all he was challenging a rooted prejudice. The American prison is tinctured with the belief that criminals are set apart from their fellows by some deep moral difference that degrades and perverts their very nature, that makes them unlike other human beings, that describes them as of a lower order, more bestial, more inhuman, more perverse than men in the street, the home, the church, and the government. Only on the assumption that criminals are different could we have built and for so long maintained an institution that can only be defended as one set apart for those who are separated from ordinary men. The drab and often horror-filled prisons that were typical up to 1910, their small cells, absolute silence, their inmates with shaven heads and striped clothing; their rule of the lockstep, iron chains, cages, iron balls, the dungeon, handcuffs, whipping, aye, even the straight-jacket—all still common at the time that Osborne began his campaign—could only be maintained, could only be defended, on the assumption that prisoners are unlike other men. These practices could only have persisted on the assumption that they were natural to the perverse nature of the men within the prison walls.

Osborne challenged that assumption. Men in prison were men to him—ordinary men, arrested and sentenced for a crime which in the nature of things was not inconsistent with the possibilities of the mass of other people who had not come within the grip of the law. It was his belief that men in prison could be treated as other men, and that in such a treatment lay the possibilities of reconstructing their habits, redirecting their energies, of remodeling their interests, and of reshaping their activities.

In the career of the criminal, imprisonment served chiefly as an interlude between two periods of crime. The prison provided no new experience, no new incentives, no new attitudes, no new stimuli. The time spent (*Continued on page* 192)

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NATIONAL WOMEN'S TRADE UNION LEAGUE OF AMERICA—Mrs. Raymond Robins, honorary president; Miss Rose Schneiderman, president; Miss Elisabeth Christman, secretary-treasurer, Machinists Building, 9th and Mt. Vernon Place, N.W., Washington, D. C. Stands for self-government in the work shop through trade union organization; and for the enactment of industrial legislation. Official publication, Life and Labor Bulletin. Information given.

Pamplets and Periodicals

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(*Continued from page* 189) in prison was a time of incubation between one crime and another. The theory that punishment would serve as a deterrent was proved wrong in fact by the numerous careers that oscillated for a lifetime between a period of criminal activity and a period of imprisonment. The reason for this was that the men within the prison fed upon their past—their past criminal experiences—for their emotional and intellectual life during their period of confinement.

Osborne attempted to change that basic experience of the men in prison by turning the penal institution into a community and by providing new experiences, interests, stimuli, and activity that would become the source of new ideas and new ideals, new interests, and new attitudes. The prison was to be a place where men became different human beings by being absorbed in different activities. They were to be socialized by being drawn into an absorbing social activity.

One thing is certain. Osborne proved that men in prison can be handled and disciplined without the cruelties of the old order. He also showed that it is not necessary to suppress the whole prison population for the purpose of disciplining the individual who breaks the prison rules. That in itself was an achievement of the first magnitude even if the by-product of easier and readier adjustment to the world outside after release is not as obvious as he assumed. It is, however, certain from the many hundreds of men who made new and better places for themselves in the world after having served under Osborne, that given a longer time and more favorable circumstances, the ultimate reshaping of character by confinement within a penal institution is more than a possibility.

It is important to remember that Osborne was no mere theorist. He did not merely project a theory for others to test. He developed a method and proved it a workable way of handling prisoners in three different institutions—with results that were revolutionary and profoundly significant.

But more than any method or theory, the work of Osborne represents a great human adventure. He literally did the impossible. In spite of all the scoffing and ridicule, he did what no one had had the courage to do before—to take men in prison as men, to trust them, to work with them as with human beings. His results were as astounding as was his daring. No one can follow the experience and its by-products in creative human emotion and activity without a feeling of deepest gratitude to Osborne for vindicating the common humanity of men—even in prison.

[In a third article in this series, which will appear in an early number of Survey Graphic, Mr. Tannenbaum will tell how Warden Osborne put his theories to the test at Sing Sing in the months when the new regime was no longer a novelty but a going scheme.]

REDUCTIO AD ABSURDUM

(*Continued from page* 155)

panied by this line, in our client's hand-writing: "By their letters ye shall know them."

Dear Allie—

Hope you are feeling better. Played golf today—am off my game lately. Business is fair. Had that leaking faucet in the kitchen fixed—you said it made you so nervous. Well, it's about time to go to the office. Come home as soon as you can. Let me know if you need money.

With love,
Hal.

And the second:

Dearest—

Here I sit in my big house, alone. What's brick and mortar? Nothing! My own doctor thinks I am much improved and seems surprised that I'm returning to the sanitarium. He doesn't know that I can't keep away, rheumatism or no rheumatism. Life is full of beautiful experiences—you are one. Shall have dinner at your table tomorrow night. With your sweetness, your yearning for appreciation, your lovely womanhood—you are the one perfect woman in the world. Why fight against fate? I'm limbering up considerably.

Yours forever,
John.

Then the Western Union took a hand. "Can't wait to see you. May I spend week-end? Dearest love. Hal."

Allie side-stepped this message and wrote us instead:

No man under God's heaven is worth the torture I've been through. But I'm glad I came. I've learned much. No matter what happens I regret nothing.

Allie.

Womanlike, she stopped just there.

Hal took the next train. We parked near the telephone and changed our optimistic attitude toward urges. Oh, that Allie were again contentedly sitting on her own couch, communing with the Sherlock Holmes and opera creams!

Hal came home, ALONE. We asked for a few days' leave and visited the sanitarium. We had to recover our self-confidence and straighten Allie out, mentally at least.

Hal—faithful, emotionally detached, hating fat. Boy Friend—rheumatic, twinging appealingly—a soulful flatterer satisfied with stouts. Allie, slenderized, love-hungry, and filled with a sense of power.

Impassioned pleas, expert technique, tactful approach, nothing mattered. Our fat mamma had become a girl again. Reduced by electricity, reawakened by romance. What could Hal, what could anybody do?

Doctors are right—reduction is dangerous.

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